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NEWS SUMMARY

Israeli jets in retaliation raids

Israeli jets struck at Palestinian targets in Beirut in large-scale retaliation for the shooting in London on Thursday of Shlomo Argov, the Israeli Ambassador to Britain.

After the bombing raids, Palestinian forces hit back with rocket attacks on northern Israel and the fragile ceasefire established last July, with U.S. help, looks close to total collapse.

Spain plans court appeal on plotters

The Spanish Government started preparing an appeal over what it said were lenient sentences imposed by a military tribunal, trying 32 officers and a civilian for last year's abortive coup.

The appeal will go to a civilian court and the move risks provoking a confrontation between the civil and military authorities. Page 2

Diplomat slain

Kuwaiti diplomat Mustafa al-Marzook was shot dead by gunmen outside his New Delhi home. Police later said attack appeared to involve personal enmity.

Nurse grabbed

The International Committee of the Red Cross said a nurse, Marie Jose-Burnier, had been abducted by armed men in Angola.

S. Africa blast

A man was killed when a bomb rocked a Cape Town building housing the President's Council, a government-appointed advisory body.

Dublin death

Motorcycle gunman killed Crossmaglen man Jim Flynn, 37, as he left a Dublin pub. He was thought to have been attacked for his Republican views.

Ban lifted

South Africa has lifted the ban on the novel *A Ride on the Whirlwind*, said to be an important contribution to the country's black literature. It deals with the Soweto riots of 1976.

Loren still held

Lawyers for actress Sophia Loren, who has been granted parole after serving half a 30-day sentence for tax evasion, said she is still in jail because of bureaucratic delays.

Two dead in car

Runaway father Alexander Reynolds, 34, and his five-month-old daughter Kim, whom he grabbed on Wednesday, were found dead in a car near Welwyn, Herts.

SNP threat

Scottish National Party chairman Gordon Wilson threatened to resign if factions within the party are not purged. Page 4

Vandals move

Birmingham Council is to recruit a 50-strong anti-vandal squad to patrol schools and other public buildings.

Briefly

£250,000 Premium Bond prize was won by number 8XB 883217. Ernie's 35 years. Page 6

Thieves' raid

The Indian cricket team's coach parked near the Oval, London.

Haig says Argentina should withdraw

BY REGINALD DALE AND JOHN WYLES IN PARIS

MR ALEXANDER HAIG, the U.K. Secretary of State, yesterday emphasised in the clearest possible terms that the withdrawal of Argentine forces from the Falklands was the only way further bloodshed on the islands could be avoided.

Argentine willingness to withdraw was a fundamental condition for ending the war, he said at a Press conference in Paris.

At the same time, he appeared to give carte blanche to Britain's forces on the islands to proceed with the battle for the recapture of Port Stanley, the capital, if that was judged to be militarily necessary.

The current situation in the field was best assessed by commanders on the ground, who were responsible for military operations, which "unfortunately" had been underway for some time, he said—apparently sharing the view of the British Cabinet.

Mr Haig spoke after President Ronald Reagan and Mrs Margaret Thatcher, held a 11-hour private meeting which focused primarily on the Falklands crisis. They met as leaders of the world's seven major industrial powers gathered for their eighth annual international economic summit in Versailles, due to start with a dinner last night and continue until Sunday afternoon.

Mr Haig said that Mr Reagan had reaffirmed full support for the British position that force should not be used first in territorial disputes. The U.S. remained committed to United Nations Security Council resolution 502 which called for Argentine withdrawal, an end to hostilities, and further negotiations, he said.

The U.S. had not, however, tried to extract an agreement on a solution from Mrs Thatcher. No deadline had been set and no ultimatum had been delivered, he said. The decision rested with Buenos Aires.

If Argentina announced an immediate withdrawal—or even confirmed its willingness to withdraw—the details and a fixed schedule could be worked out by the commanders, he said.

Mr Haig said it would be the "logical conclusion" for British forces to go on and re-take Port Stanley if there was no action

Battle expected for Stanley

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITISH FORCES, in the Falkland Islands do not expect the Argentine garrison at Port Stanley to surrender without a fight.

But high level defence sources in London indicated yesterday that, while an attack on Port Stanley was still expected within the next few days it was hoped that it would not be necessary to push the fight into the town itself.

The Defence Ministry's blackout on news from the Port Stanley area continued yesterday, for the fourth successive day.

British troops are believed to have established themselves on two commanding ridges west of Port Stanley—reports from correspondents with the troops yesterday indicated that Mount Kent was taken last Saturday or Sunday and the Two Sisters ridge on Tuesday, at least 24 hours earlier in each case than at first reported.

The journalists have described the Royal Marines and the paratroopers in the area as being poised for the final assault on the Falklands capital.

However, while the Defence Ministry clearly expects a battle soon, and confirms that the forces are still operating with orders to take Port Stanley, the fighting, if and when it comes, will now be therefore

much closer to Stanley, where Argentine forces are believed to have established a defensive horseshoe with an advance headquarters at Moody Brook, the former Royal Marines camp.

It is suggested that most Argentine troops are deployed outside the town. It is hoped, therefore, that fighting can be stopped short of Stanley, where there are believed to be some 250 Falkland Islanders.

It was reported from Buenos Aires yesterday that Argentina had reinforced the Port Stanley garrison in the past few days, bringing the total from an estimated 7,000 to 9,000 men.

It was also reported that the garrison, which has been on the defensive until now, might be planning a surprise attack on the British forces, which could involve the estimated 1,500 troops left on West Falkland.

It would appear that the British Defence Ministry is more worried about the potential for damage to Argentina's three submarines and of a "final fling" by its air force than about a land attack from the rear, though the possibility of an unforeseen attack is recognised as a danger.

But an official noted that the Stanley garrison could have been reinforced "only if the men swam there."

Carr, Sebag ceases to trade

BY JOHN MOORE, CITY CORRESPONDENT

CARR, SEBAG & CO, once one of the largest stockbroking firms in the City of London, ceased to trade at the close of business on the Stock Market last night.

Grieveson, Grant, another stockbroker, is taking over part of the troubled firm's business and is prepared to retain 70 of the 200 or more staff.

Grieveson, Grant yesterday said it had been decided, after talks between the two firms, to transfer the corporate finance department of Carr, Sebag to Grieveson "as a going concern."

It is thought Grieveson paid less than £1m in cash to acquire this department.

Grieveson said it had not proved possible to make the same arrangements for the rest of the business. "Therefore, Carr, Sebag will cease trading on June 4 1982."

Mr Roddy Macleod, one of three senior partners at Carr, Sebag, will not be joining

merger had gone ahead the Grieveson partnership could have found itself assuming the unknown liabilities of Carr, Sebag.

Carr, Sebag has faced mounting problems. Loss of the firm for the financial year ending April 1982 are estimated to be about £1m.

Although Grieveson is taking over the entire corporate finance department of Carr, Sebag, whose clients include Lloyds, it will not know to what extent it will acquire private-client business until the recruitment of Carr, Sebag staff is determined.

None of the Carr, Sebag partners will be offered partnerships at Grieveson until Grieveson's auditors, Spicer & Pegler, and Carr, Sebag's auditors, Touche Ross, have investigated Carr, Sebag's books. This will not be completed until October.

Interest rates ease as pound stays firm

BY PAUL TAYLOR

UK short-term interest rates continued to ease yesterday reflecting optimism about the outcome of the Falklands crisis and raising expectations of an imminent cut in bank base rates.

The Bank of England appeared prepared yesterday to allow interest rates to drift lower during its money market operations of the back of a relatively strong pound.

Reflecting the trend, the top accepted rate of discount at the weekly Treasury bill tender fell substantially by over 1/4 of a

in whole or part into 13 per cent Treasury 2000.

If unconverted, the yield on the new stock to redemption in 1986 is 12.99 per cent.

The new issue was seen as a further indication that the Bank wishes to stand ready to take advantage of any further easing in interest rates.

However, the High Street banks remain cautious and concerned not to "rush in" with an early base rate cut, although they believe that in the right circumstances the rates could

RCN turns down 6.4% pay offer to nurses

By John Lloyd, Labour Editor

THE CAMPAIGN of industrial action by health service workers was greatly strengthened yesterday when the 200,000-strong Royal College of Nursing (RCN) announced that its members had rejected the Government's 6.4 per cent pay offer to nurses.

This is the first time that the RCN has rejected a Government offer.

The rejection, by a surprisingly wide margin of two to one on a 33 per cent poll, is a grave embarrassment to the Government, which had hoped for acceptance by the traditionally cautious membership.

Other health service unions hailed the ballot as a vindication of their campaign. Mr Rodney Bickerstaffe, general secretary designate of the National Union of Public Employees (Nupe), called on RCN members to join their colleagues on the next day of strike action, June 8.

The RCN, however, remains firmly wedded to its policy of barring industrial action. Instead, it has sought an urgent meeting with Mr Norman Fowler, Social Services Secretary, to press its case once more.

Mr Fowler said last night that he "regretted" the result of the ballot. He would meet the RCN next week. He said he recognised that it had not participated in industrial action, and that it occupied a "special position."

The RCN will press at the meeting for an increase higher than that granted to ancillary and clerical staffs. Its officials believe that if the Government concedes an increase of 6 per cent to the ancillary workers, a rise of 2 per cent on its present offer—it should pay nurses between 8 and 9 per cent.

However, Mr Fowler's statement showed no signs of concession. He said that the Government had committed already extra resources to improving the health service, including the employment of more nurses.

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Spreading the Word Page 4

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Treasury 12% 1987	236 + 1	St George's Group	128 + 8
Bishop's Group A	108 + 12	Sidlaw	171 + 14
Clyde Blowers	142 + 4	Tilbury Group	505 + 15
Fisons	350 + 10		
Glaxo	707 + 11		
Greenfields Leisure	96 + 2		
Hegworth (J.)	114 + 9		
Int. Bus. Systems	105 + 9		
Midco	106 + 6		
NEL	95 + 3		

FALLS

British Sugar	465 - 10		
Haden	193 - 10		
Hambros Bank	128 - 4		
Int. Timber	88 - 2		
Meyer (Mot. L.)	64 - 6		
Pleasurama	250 - 15		
Sonic Sound	62 - 6		
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OVERSEAS NEWS



Banquets, but no bills, at Versailles summit

BY REGINALD DALE AND DAVID HOUSEGO IN VERSAILLES

THE PALACE of Versailles, the ultimate symbol of a luxurious but decadent French monarchy, might seem an inappropriate place for a Socialist President to wine and dine world leaders at a time of recession and massive unemployment.

M. Francois Mitterrand, host to the seven-nation world economic summit, will certainly go out of his way to ensure that the final communiqué cannot be interpreted as a call to Europe's jobless to "eat cake," in the words of a deceased queen who was married to Louis XVI in the Hall of Mirrors where the heads of government will hold their final ceremonial dinner tomorrow night.

There is a long list of precedents for such international activity here. The 1919 Versailles Treaty, which put the diplomatic finishing touches to the end of World War I, was signed in the same Hall of Mirrors and the first U.S. ambassador to France, Benjamin Franklin, went there to pay his respects to Louis XVI in 1778.

After being assured of French friendship, Mr. Franklin, according to the official account, "wept openly." We shall see if President Ronald Reagan, who wields a fairly useful tear duct himself, does likewise.

Restoration

The French are coy about how much the summit will cost, though they insist that it is by no means the most expensive. "When you ask somebody for dinner," says an official, "you don't tell him what the bill was."

But the preparation has been elaborate. The FFR 200m (£18m) restoration programme for Versailles begun in 1978 has been speeded up to the delight of the curator, who says that more rooms will be open to the public after the summit ends. The Grand Trianon has been transformed into guest suites for the heads of government (and for President Mitterrand), with the addition of six bath-

rooms. Four of the rising stars of French cooking have been given the task of preparing the Sunday night banquet for 200 in the Hall of Mirrors.

However, opulence is not the note that France's Socialist Government likes to strike. For M. Mitterrand, with his passion for history, Versailles has other echoes than the last days of a decadent monarchy. Its formal architecture and gardens reflect the order and planning that Louis XIV and his Minister Colbert imposed on France. It is a symbol of French influence in the world. It was where foreigners flocked to see the wonders of the French genius.

Hence the inspiration of making this summit conference a showcase for French electronics and "telematics." Heads of government can scribble messages to their delegations on electronic screens. Journalists have access to information banks that include such intriguing items as "recovery (in France)" and "solidarity (in France)." But yesterday's equipment was still having its

teething troubles. "Out of order," said one official pointing to a newly installed telecopier.

The citizens of Versailles have been up in arms over the two-week closure of the palace and its grounds during a high point in the tourist season. The town has been drained of its normal throng of coaches and thirsty sightseers. But yesterday the traffic jam had returned and bars and restaurants again filled up. Were the grumbling proprietors pleased? Not a bit of it. The café opposite the Orangery, where the press centre has been installed, closed its doors at one point in the face of the onrush. "I am not a slave," said the barman.

Grumbling

President Reagan, who has been pacing himself carefully at the beginning of what is likely to be a gruelling nine-day tour of Europe, will have the benefit of the company of his wife Nancy at least for some of the time. Mrs. Reagan, who apparently invited herself, has

a separate programme involving a trip to the Normandy beaches and a visit to the painter Monet's house at Giverny. In case anybody does not recognise her, the official handout thoughtfully included the following description: "A petite woman, she has bouffant brown hair and sparkling brown eyes that sometimes appear hazel. Her good looks helped her move into the theatre—where she met her future husband on a blind date."

Least amused by it all is former President Valéry Giscard d'Estaing, who is said to have been furious when the Americans described his old rival M. Jacques Chirac, Gaullist leader and Mayor of Paris, as the "leader of the Opposition." Mr. Reagan was due to pay M. Chirac a courtesy call.

It is rather ironic that the former infantry sergeant M. Mitterrand, should be holding court at Versailles this weekend, given that it was M. Giscard d'Estaing who used to claim to be a direct descendant of Louis XV.

Spanish Government to appeal against coup trial sentences

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government yesterday began preparing its appeal against what it considered lenient sentences imposed on Thursday by the military tribunal trying 32 officers and one civilian for the abortive February 1981 coup.

The military court absolved 11 officers and sharply reduced all the other sentences demanded by the prosecution save those of the two principal figures—General Jaime Milans del Bosch, former head of the Valencia military region, and Colonel Antonio Tejero, the Guardia Civil officer who led the seizure of the Cortes (parliament). Both General Milans del Bosch and Col. Tejero were given the maximum 30 year sentence sought by the prosecution.

The appeal will go to a civilian court. This is the first time such a mechanism has been used in Spain and could create the unprecedented situation of a civil court over-ruling military jurisdiction. The appeal risks provoking a serious confrontation between the civil and military authorities.

However, yesterday there was a mood of indignation among members of parliament over the verdict. Nine of the officers absolved played an active part in the seizure of parliament and the resulting humiliation of its members.

Former Premier Sr. Adolfo Suarez, whose resignation last year is widely believed to have been caused by military pres-

sure, broke months of silence to comment on the sentences. In a newspaper article entitled "I disagree," he said that the sentences "give inadequate protection to the rights of the Spanish people."

The leading liberal daily, El Pais, wryly noted that "on the present showing the price to be paid for playing a subordinate role in a military rebellion comes out pretty cheap."

Criticism has focused not only on the leniency but also the system of military justice which permits those condemned to three years and less to preserve their rank and employment in the armed forces. Further, the tribunal's recommendation that the 30-year sentences for the two main culprits be commuted to 20 years for personal reasons raised some eyebrows.

The ruling Union de Centro Democrático and the socialist party called for a thorough reform of military justice. However, there is a strong irony in such demands. When Parliament discussed the reform of military justice two years ago the political parties were so afraid of offending the armed forces that only one substantial change was made—allowing appeal to a civilian court.

Of those on trial only Gen. Alfonso Armada, former military adviser to the King, has decided to take advantage of this right of appeal. Gen. Armada, for whom the prosecution sought a 30-year sentence as one of the coup ringleaders, was given only six years.

Unofficial Soviet peace group begins

By Anthony Robinson in Moscow

AN INDEPENDENT Soviet peace movement, free of ties with the official, party-controlled peace movement, was launched here yesterday at a news conference in a suburban Moscow flat.

The movement—its 11 founder members composed mainly of scientists, mathematicians, and doctors in their 30s—began with an appeal to the governments and peoples of the Soviet Union and the U.S.

"We believe it is high time for the public at large not only to put peace and disarmament proposals before decision-making politicians, but also to solve these problems with them. . . . It is high time the politicians included the enormous creative potential of the general public in the search for disarmament and peace," the appeal stated.

It also called for "participation of the Soviet and American public on equal terms in the dialogue between politicians," and said the movement stood for "a consistent and, in the end, total liquidation of nuclear arms and other stocks of weapons of mass murder, for limitation and reduction of conventional arms." It called for "a free exchange of opinions" between the U.S. and the Soviet Union, and for "informing the public of both countries about disarmament issues."

So far, the movement's organisers have obtained only 27 signatures to the appeal. But now that the movement has gone public, they hope for wide support and will be canvassing for signatures and support through personal contacts and in the streets across the country.

The embryo peace movement poses an acute dilemma to the Soviet security apparatus under Mr. Vitaly Fedorchuk, its new chief.

The Soviet Union has been lavish in praise of and support for similar peace movements in the West. It has also been greatly heartened by the pressure which organised public opinion of this kind has had on Western governments.

However, the Communist Party has been opposed to any kind of spontaneous public manifestation not controlled by the party or its front organisations.

The official Soviet peace movement, led by Yuri Zhukov, a veteran central committee member, was formed in 1948 and has more than 41m members. It faithfully echoes the peace slogans of the Soviet Government, with emphasis on the peace-loving nature of the Soviet state and the aggressive war-mongering designs of Nato.

The Soviet tradition has been to suppress non-official organisations, such as the unofficial monitoring group set up in this country after the 1975 Helsinki treaty, to monitor Soviet compliance with the treaty's provisions for human rights and similar matters.

Open suppression of the new peace movement, however, would gravely compromise the credibility of the Soviet peace programme for Western peace movements, many of which have expressed hopes for the emergence of similar movements in Eastern Europe.

The timing of the creation of the new movement might induce the Soviet authorities to approach its activities cautiously. It closely follows the decision of the Soviet Government to start talks about strategic arms reduction with the U.S. in Geneva.

Sweden orders £2.4bn combat aircraft

BY WILLIAM DUFFLOR, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH parliament voted yesterday to spend SKr 25.7bn (£2.43bn) on a new multi-purpose combat aircraft for the Swedish air force. The order for 140 aircraft, to be delivered in the 1990s, goes to a consortium of Swedish companies led by Saab-Scania, the truck, car and aerospace group.

The contract means that Sweden will be one of the few countries to maintain the capacity to design and produce its own aircraft. An alternative plan to build U.S. fighters under licence has been discarded.

However, the new aircraft, named the JAS, will contain a considerable proportion of components and systems bought abroad, including the F404 engine from General Electric of the U.S. Made largely from composite materials, it will be about half the weight of the Saab Viggen, which it will

replace.

Purchase of the JAS was approved by a parliamentary majority of only five. The opposition Social Democrats voted to postpone the decision, saying that the cost analysis was inadequate and that further study was needed of the aircraft's performance, engine and wings.

Parliament has also allocated SKr 650m to defence over the next five years. Compensation for price increases will be added to that sum and to the cost of the new combat aircraft.

U.S. defence authorities have finally approved the sale to Sweden of the Sidewinder AIM-9L missile, the Swedish Defence Ministry confirmed yesterday. This latest version of the air-to-air missile will be used on Viggen interceptors.

Sweden had difficulty in obtaining U.S. consent to the

sale, allegedly because of Washington's anger at the sale to the Soviet Union—by the Swedish Electronics Company, Datacube—of an airport control system which included American components banned by the U.S. for delivery to the USSR.

Michael Dome, Aerospace Correspondent, adds: "The JAS fighter will be the first important combat aircraft launched in Western Europe since the French Dassault-Breguet Mirage 4000 was started in 1975."

It will be built by a consortium set up for the task—the Industri Gruppen JAS, comprising Saab-Scania to make the airframe, Volvo Flygmotor the engine, and L.M. Ericsson, SRA Communications and EFV, all working on various aspects of the avionics and equipment systems.

Initial production will be of 30 aircraft. The Swedish Air Force requirement, however,

could amount to as many as 300 aircraft in all versions.

The JAS, will be cheaper and smaller than the Viggen, and will offer superior speed, rate of climb, manoeuvrability and weapons-carrying. Such improvements will be achieved by the extensive use of new technology materials—up to about 30 per cent—in the engine and the airframe, and new techniques such as fly-by-wire, the use of electrical signals rather than rods and lines, to control the aircraft.

The JAS is being designed specifically for Swedish defence—to use ordinary roads as bases and require simple and speedy maintenance.

Much of the design of the aircraft has been completed. A complete specification was prepared for approval by the Swedish Defence Material Administration this year.

Police end fight at Paris car factory

BY TERRY DODSWORTH IN PARIS

FRENCH police intervened yesterday in a violent labour dispute at the Talbot car factory's Poissy plant near Paris, following an outbreak of hand-to-hand fighting which had led to 41 injuries.

The conflict, between bitterly opposed group of strikers and non-strikers, came only days after the settlement of a similar dispute at Citroën's Paris-based car factories. It led yesterday to a demand by the Socialist Party for an investigation into labour practices at Talbot, one of Citroën's fellow companies in the Peugeot group.

As in the costly five-week Citroën strike and a previous

dispute at Renault, the Talbot plant has a high percentage of immigrant workers, many of whom have joined demands for improved wages and better working conditions.

The violence broke out after a call for a sit-in from the Communist-led CGT union and the Socialist-oriented CFDT.

Although those two organisations were in a minority in the last union elections at the plant, they managed to stop work in the car assembly section, which produces the Samba and Horizon models. At that point, a rival movement, led by members of the management and involving the company-backed CSL

union, invaded the factory and met strong resistance.

Commenting on the police action yesterday, M. Gaston Defferre, Minister of the Interior, said he had decided on a "friendly evacuation" of the plant in accordance with a court order.

That move was accompanied by Government bids to bring the management and unions together under the guidance of a senior official of the Labour Ministry. M. Defferre insisted that the conciliation would be more effective in a calmer atmosphere outside the factory.

The previous Citroën dispute,

settled only after unions and management had accepted arbitration by a Government-appointed conciliator, resulted in wage increases of about 10 per cent for production-line workers, and increased union rights, particularly for immigrants.

Wages in the Peugeot group are generally lower than those at the rival, nationalised Renault motor company—even comparing similar factories in the Paris area. One of the long-held objectives of unions in the region's Citroën and Talbot plants has been to increase salaries to Renault levels.

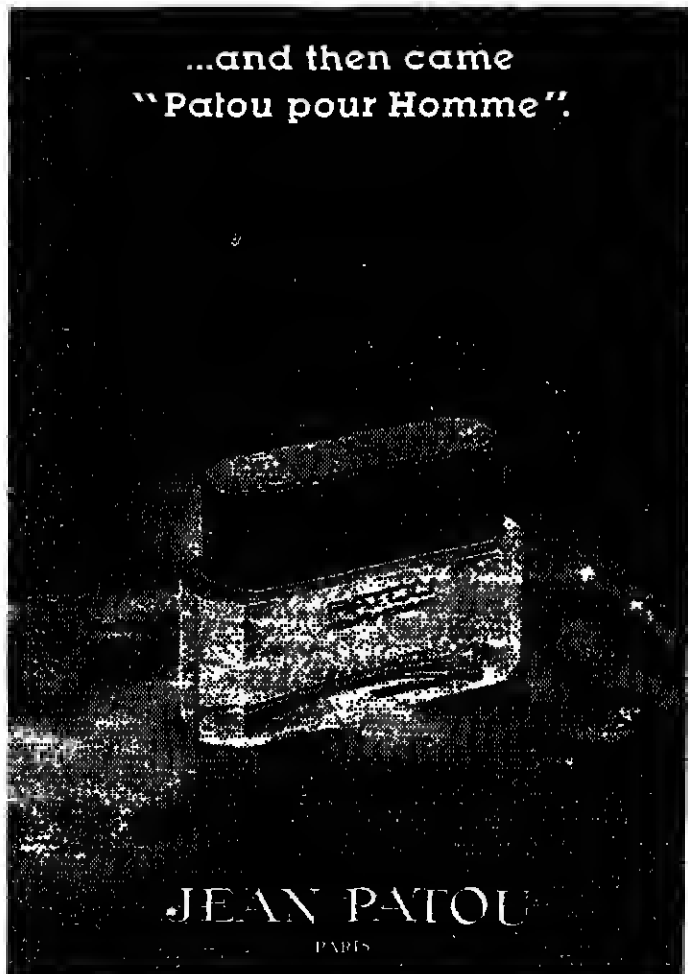
Dutch flood barrier worry

RIISING COSTS are threatening to swamp the Netherlands' ambitious storm surge barrier project two years before its completion. The project, designed to safeguard large parts of the south-west of the country from tidal floods, was originally supposed to cost \$3bn, but \$4.2bn has been spent so far and the total could climb to \$7bn before the barrier is finished.

Two Christian Democrat MPs have complained of the cost and have won the approval of Par-

liament for an enquiry by the National Court of Auditors. It is extremely unlikely that work will be halted on the project, but Ministers may look for ways of saving money.

The Oosterschelde Barrier was conceived in 1953 after disastrous floods in which 150,000 hectares of land were submerged and 1,800 people died. Discussion on the best means of carrying out the plan went on for years, however, and it was not until 1973 that work began.



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Polish plan to cover cost of grain and farm imports

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S GOVERNMENT is hoping that earnings from exports of agricultural goods will be high enough by 1985 to pay for imports of grain and other farm products.

Polish grain production is due to rise by 5m tonnes by 1985 and a further 2m tonnes by 1990, according to plans unveiled this week.

Meat exports are planned to reach 300,000 tonnes by 1985, compared with about 100,000 tonnes last year. The Ministry of Agriculture is expecting this year's grain harvest to reach 20m tonnes—an average crop—while the amount of imported grain already ordered and financed for the 1982/83 agricultural year stands at 2.5m tonnes.

The authorities, who want to import another 1.5m tonnes in the coming year have still to decide how to finance the purchase.

Thus grain imports in the coming year are likely to reach 4m tonnes, compared with 6.6m tonnes in the harvest year ending this summer, and 8m to 9m tonnes in the late 1980s.

The cut in grain imports comes after the freeze on credits by, among others, the United States—a major grain supplier in the past—and the chronic shortage of cash this year.

In order to make up for the grain import shortfall the Government hopes to buy a crucial 5m tonnes from the country's private farmers. This is an ambitious target when compared with the less than 2m tonnes sold by the farmers to the state this year.

According to official estimates, meat production will fall by 10 per cent next year if grain imports reach 4m tonnes, enough to maintain this year's meat ration levels.

Italian severance pay referendum called off

BY JAMES BUXTON IN ROME

ITALY'S Supreme Court has finally called off a referendum scheduled for next Sunday which, if it had gone ahead, would almost certainly have seriously damaged the economy. Voters were to have been asked to approve the resumption of a form of index-linking to severance pay to workers who leave their jobs.

Since 1977, workers have not been paid severance payments in respect of earnings they obtained under the so-called mobile wage indexation system. The small far-left party, Democrazia Proletaria, which is not represented in Parliament, had succeeded in obtaining judicial approval for a referendum on a return to the pre-1977 position.

The referendum was likely to have been approved, but

would have added 10 per cent to the wage costs of Italy's already beleaguered companies.

In view of this danger, Sig. Giovanni Spadolini, the Prime Minister, obtained grudging approval from employers and unions for a law which while restoring a degree of indexation, phased over a long period, was calculated to obviate the need for a referendum.

These proposals had to be pushed through Parliament by linking them to votes of the confidence in the Government as a whole. Even so, the measure passed with virtually no time to spare before the referendum, and then had to be submitted for Supreme Court approval. That was unanimously given late on Thursday.

The referendum is still expected to have cost £200bn (£111m) in preparatory expenses.

Seamen's hotel to be closed

KINGSTON HOUSE the headquarters hotel of the Mersey Mission to Seamen, on the Liverpool Waterfront is to close at the end of the month due to the shipping recession, and inflation.

Many of the 62 bedrooms in the 10-storey hotel, which opened in 1964, have remained empty or underused in recent years. The building, which occupies a prime site, will be put up for sale.

The adjoining four-storey club house will remain open until October, when it is hoped to move into the nearby premises of the Merchant Navy Establishment.

Scottish Junior Chamber award

SAM SINCLAIR, 35, of Aberdeen Junior Chamber has won the 1982 Bank of Scotland Junior Chamber Award. Mr Sinclair is a member of the Grampian Police Force.

The Bank of Scotland Award is the highest individual prize in the Junior Chamber Scotland calendar.

NATIONAL EFFICIENCY PERPLEXES JAMES BUCHAN IN BONN

Skipped beats in iron rhythm of W. German life

THE WEST GERMANS, as anyone knows, are the most industrious nation in Europe, with rates of productivity that astound their neighbours, a large trade surplus and a strengthening currency.

Those who hold these truths to be self-evident should, perhaps, attempt to contact a Bonn Government official on a Friday afternoon or for much of the summer school holiday. For a nation that is said to work so hard, the West Germans are remarkably discreet about it.

Take the shopkeepers, backbone of this, as much as of any other nation. The West German merchant opens his shop at 9.00 am and closes it, punctually, at 6.30 pm. On Saturday, he keeps his door open until 12.30 pm but, dizzy with thoughts of home, wife and children, and swabbing things to a truly German state of cleanliness, he is unlikely

to provide much assistance after 11.00 am.

On Sunday, the centres of West German towns are quite desolate as if some terrible enhanced radiation weapon had struck and left the fountains playing, the plane trees waving, the shop windows displaying this year's Düsseldorf fashions, but vapourised buyer and seller.

Other countries have shorter official opening hours, such as Italy, but the Italians do not distinguish leisure from mild economic activity and do not obey their laws. In West Germany, the shops closing law of 1956 is adamant and any merchant who stays open beyond 6.30 pm will be sued by his colleagues for unfair competition or by his employees for cruelty.

A nice thing about the town of Stuttgart, home of the reasonable Hegel, is a small

passageway leading to the station with shops which stay open until 10.00 pm. The passage, which is underground, was exempted by the City Fathers on the grounds that people buying things would prevent it becoming a slum, a danger to citizens or a refuge for young people and other undesirables.

A Berlin court has just ruled that Stuttgart's action was illegal and that the shops will have to close along with everybody else. Meanwhile, the DAG, the union representing shop assistants, is lobbying hard to have the so-called "long Saturday," a full day's shopping on the first Saturday of the month, abolished.

Many shopkeepers, and all customers, would like to see the law relaxed and the Free Democrat Party in the ruling coalition has taken up arms on their behalf. There is little prospect

of relief unless it be of the rather limited kind offered by Herr Horst Hoffman, a Düsseldorf grocer, who turns his shop into a pub on the dot of 6.30 pm.

The majority of West Germans can scratch together an existence of sorts between work and home, but any person who is slightly out of time with the iron rhythms of German life, who has failed to marry at the right season or whose spouse works, or who rises late and stays at work beyond the witching hour, must starve or steal or scrounge.

This principle rules in every department of West German life. A citizen who, for example, wishes to have Callas sing at him, not at rare and well-signposted intervals of the day-time but when he will, even during the midday pause, will become an outlaw, loathed and feared by his neighbours, unscrupulous at best, at worst a

foreigner.

But back to work. Over 90 per cent of West German workers put in a 40-hour week or less but if it seems normal, over 91 per cent are given more than four weeks' holiday; half of them have five weeks or more.

The Federal Republic disgorges more of its citizens abroad, for fun than any other country to the extent that foreign travel has become a mania. On the rocks of Capri, or the beaches of Sri Lanka, or the crowds of West Germany gather, a few of them chide.

So, when is all this work done? The answer is that the West Germans must work more efficiently and economically than their bumbling European neighbours. To answer why that is, well, that would be truly to have understood this perplexing race.

OVERSEAS NEWS

Increase in U.S. unemployed to post-war record

By Anatole Kaletsky in Washington

UNEMPLOYMENT in the U.S. rose to a post-war record of 9.5 per cent in May from 9.4 per cent in April, the Labour Department reported yesterday. One out of two black teenagers is unemployed on average throughout the country, while many industrial regions are facing acute problems. However, some encouraging signs of an imminent economic recovery were contained in the details of the May Employment figures. Total employment in the economy rose by 780,000 and the labour force—the part of the population that is either working or seeking employment—expanded by more than 1m, according to official statistics. At the same time, the average working week increased marginally in manufacturing industry. Growth in the labour force and increases in working hours are often indicators of economic revival. The Labour Department cautioned, however, that its labour force figures, which are seasonally adjusted, may have exaggerated the true changes. Agriculture and construction activity always pick up in the summer, and students enter the job market. But the precise timing of these developments has varied from year to year and is therefore "not yet captured fully" in the seasonal adjustment process. Meanwhile, the social problems created by unemployment are continuing to grow. Unemployment among blacks rose by 0.3 per cent to 13.7 per cent in May, and a record 49.3 per cent of blacks between the ages of 16 and 19 are now jobless. Nonetheless, after last week's improvement in the index of leading economic indicators, the mildly encouraging employment figures probably be viewed by the Reagan Administration as evidence that the recession is at last touching bottom. Richard Mackie in Ottawa writes: The unemployment level in Canada reached a post-depression high of 10.2 per cent in May—up from 9.8 per cent in April—with a record 1,241,000 people looking for work. The federal Government statistical agency, Statistics Canada, reported. The number of jobless was 45 per cent higher than in May last year.

Fed takes no steps to support dollar

By David Lascelles in New York

THE U.S. has taken no steps either to support or defend the dollar since the assassination attempt against President Ronald Reagan in March 1981, the Federal Reserve Bank of New York said yesterday. This confirmation that the U.S. is sticking by its controversial policy of non-intervention in the foreign exchange market came as Western leaders meeting in Versailles were expected to press Mr Reagan on the subject. The New York Fed, which implements foreign exchange policy on behalf of the U.S. Treasury, said in its latest quarterly briefing that it had stood by in emergencies to calm the market, but had never had to act since the assassination attempt. One stand-by emergency cited by Mr Sam Y. Cross, senior vice-president in charge of the bank's foreign group, was the imposition of martial law in Poland last December. But on each occasion the emergency

ANC bombs intensify sabotage in S. Africa

By Our Johannesburg Correspondent

A WAVE of sabotage in South Africa intensified yesterday when a large bomb exploded in the new block of office buildings which houses the President's Council in Cape Town. In Johannesburg, the railway link with the black city of Soweto was interrupted when a pylon was blown up.

One man was killed by the Cape Town bomb. In Johannesburg, there were no casualties and full rail services were resumed by 7 a.m. The African National Congress yesterday claimed responsibility for the Soweto attack. This is the third year in succession that the ANC has launched attacks on power and rail links in the week of South Africa's Republic Day festivities.

This week, fuel storage facilities of the French oil company Total, at Paarl, were seriously damaged and the main railway line to the port of Richards Bay was severed. A few days earlier, a BP (Southern Africa) fuel depot at Rectorsspruit in eastern Transvaal, was severely damaged. Security legislation prevents publication of fuller details of incidents of this sort.

Reuter adds from Pretoria: A statement made by Dr Neil Aggett, a white trade union leader, hours before he died in police detention, should be admitted as evidence at an inquest into his death, the Transvaal Supreme Court ruled yesterday. Dr Aggett, the first white to die in security police detention, alleged in the statement that he had been assaulted and subjected to electric shocks.

Angola link to Namibia independence

By J. D. F. Jones in Johannesburg

A DIRECT link between South African withdrawal from Namibia (South-West Africa) and the departure of the 15,000 to 20,000 Cuban troops from Angola has re-emerged as the most delicate element in the marathon negotiations for Namibian independence.

A package of settlement has been worked out by the western contact group of countries and will be unveiled soon. The critical state of the negotiations was confirmed by a statement on Thursday night by Mr P. W. Botha, the South African Prime Minister, in response to a demand by Mr Dirk Mudge, the chief minister in Namibia for an election in March 1983, "with or without Swapo," the Namibian liberation organisation. Mr Botha said South Africa was closer to an understanding with the contact group than ever before, and reiterated that South Africa would not stand in the way of Namibian independence.

A seven-month programme to lead to elections is already in existence, and Mr Botha's statement is interpreted here as a confirmation that next March could be a target date. The South African Press has been confidently reporting that a settlement is "finally on the way."

The South Africans have been signalling in recent weeks that they no longer see difficulty in what the diplomats call "phase two" of the settlement negotiations. The phase includes matters such as the number of personnel in, and composition of, a UN monitoring force, and supervision of Swapo bases inside Angola. All those points had promised to cause serious

problems, because of South African doubt about UN impartiality. But the South African cabinet appears to have decided to go through with the procedures towards independence, while Swapo has rejected the western proposal for a split-vote electoral system. The statements by Mr Botha and Mr Mudge, therefore, seem to be part of a campaign either to force Swapo to re-enter the diplomatic process positively, or to secure international support for an election, which would leave Swapo in the self-imposed cold.

However, the South African acceptance of phase two has been qualified by references to the need for a linked Cuban withdrawal and hints of U.S. sympathy for that connection, which was also emphasised by Mr Mudge on Thursday. The Nigerian Government is also understood to have successfully completed negotiations with Saudi Arabia for a six-month interest-free loan of \$1bn, although no official confirmation has been, or is likely to be given.

The money was offered by Saudi Arabia in order to enable Nigeria to maintain its oil price in line with the Organisation of Petroleum Exporting Countries (Opec) reference price of \$34 a barrel, which resulted in a dramatic drop in oil sales in late March and April. Although oil production fell to less than 700,000 b/d at the end of March, it has since recovered to an average level of 1.3m b/d in May, which is the production quota fixed by Opec.



Mr Botha... Cuba concern

Nigeria draws from IMF to boost reserves

By Quentin Peel, Africa Editor

NIGERIA HAS drawn more than \$740m (\$411m) in special drawing rights (SDRs) from the International Monetary Fund to support its foreign reserves, according to the latest figures issued by the fund in Washington.

The money was needed after declining oil production and a soaring crude deficit had reduced the reserves to \$1.4bn—less than one month's import cover—at the end of March.

The sum amounts to all but SDRs 8m (\$8.9m) available to Nigeria from its SDR holdings and its reserve tranche at the IMF, including both the oil facility and supplementary financing facility. Any further drawings would be subject to specific conditions laid down by the IMF. According to the June issue

of International Financial Statistics, the IMF bulletin, the money was drawn in April, at the same time as President Shuguart introduced a drastic austerity programme of import restrictions designed to correct the trade imbalance. The bulletin shows that Nigeria's foreign reserves were dramatically reduced over the past year, from a level of almost \$8bn in July 1981 to only \$2.6bn in February this year. The last figure issued by the Central Bank of Nigeria showed that they had fallen further to \$950m (\$794m) at the end of March.

Nigeria's holdings at the IMF represent the country's first line of defence in the face of a steady drain on reserves, and the drawings should show up in the April reserve figures when they are published. The Kenyan Government yesterday published a Bill proposing to make the country constitutionally a one-party state under the ruling Kenya African National Union (KANU), already the only party in existence, Reuter reports from Nairobi.

Until President Shagari announced his import curbs—including the imposition of large import deposits, increases in excise duties, and a review of import licences—Nigeria's monthly average import bill was \$1.8bn. Even given oil production at 1.3m b/d, that would leave a monthly trade deficit of more than \$600m. The austerity package is intended to reduce imports by that amount. The combination of the IMF drawings and the Saudi loan should give Nigeria the breathing space needed for the import restrictions to take effect.

The IMF drawings consist of SDRs 238m (\$268m) from Nigeria's SDR holdings, and SDRs 424m (\$475m) from its reserve tranche, including the oil and supplementary financing facility. Kam proposed the move last week and expelled dissident politician Mr George Anyona from the party in an apparent attempt to stifle moves to form an opposition group.

Peking to tackle provinces' 'chaotic' foreign trade

By Tony Walker in Peking

CHINA IS establishing a new regulatory organisation under the Ministry of Foreign Trade in an effort to impose order on "chaotic" dealings by provinces in foreign trade items, according to a British businessman.

Mr Jack Perry, chairman of the London Export Corporation (LEC), a private trading group, said that, in the case of some commodities, "complete anarchy" prevailed on the world market because of lack of central government control over their marketing. Serious problems on world markets had also been created

by the indiscriminate purchase of synthetic fibres by provincial organisations, he added, saying that warehouses were overloaded with materials that could not be used for a long time. This chaos was due, Mr Perry said, to decentralisation several years ago without adequate controls. He said the Ministry of Foreign Trade had recently instituted an exhaustive review of the effects of the decentralisation on foreign trade, and had identified a long list of problems.

They included purchases of excessive quantities of raw materials, the unauthorised withholding of raw materials from the state, the use of unorthodox business channels (thereby encouraging corruption) and promises of supplies which could not be met. A Vice-Minister of Foreign Trade, according to Mr Perry, had said that new regulations would soon be issued to rationalise the movement of goods into and out of China under arrangements negotiated at provincial level. A new organisation, to be established under the Ministry, would be responsible for the regulation of provinces' foreign trade activities. It would issue licences for imports and ex-

ports, and control the establishment of representative offices in China by foreign companies. Mr Perry said the new restrictions would not mean that China was to abandon policies of trade decentralisation, but that the small percentage of foreign trade conducted at provincial level would come under close central Government supervision. This week, Mr Perry met Chen Muhua, the new Trade Minister. She told him that medium-sized projects, pushed aside in China's readjustment of its economy, were now being reconsidered. However, it would

be several years before the projects would be approved. Those to cost between \$10m and \$100m would be given priority. It was most unlikely that China would sign further contracts for whole plant and equipment. Judging by his discussions with foreign trade officials, Mr Perry expected China's foreign trade to continue to grow at between 10 and 15 per cent a year for the next five years along traditional lines, with China's main purchases being of commodities and its exports being of manufactured items and foodstuffs.

Egyptian effort to revive talks on autonomy

By Anthony McDermott in Cairo

THE NEED to breathe new life into the talks on autonomy for the Palestinians in the West Bank and Gaza Strip and the problems created by the Iran-Iraq war are two of the main topics mentioned in a letter to be delivered by Mr Kamal Hassan Ali, the Egyptian Foreign Minister to President Ronald Reagan in Washington on June 12.

According to the semi-official daily, al-Ahram, yesterday, Egypt is keen to start by holding bilateral talks on autonomy with Israel and the U.S. at ministerial level. These would be in preparation for a summit meeting—either bilateral between Egypt and Israel, or with the U.S. as well. Al-Ahram said Egypt was keen that the talks should not be held back by discussions of "subsidiary issues" which keep the parties to negotiations away from the main issue, namely the establishment of full autonomy.

A basic divergence of views between Egypt and Israel is over the ultimate nature of Palestinian autonomy, and whether it might lead to the establishment of a full state. But an additional impasse has been created by Israel's insistence that talks should be held in Jerusalem, formally annexed in 1980. Officials here make the point that 36 rounds of negotiations have been held in Alexandria and Cairo in Egypt, in Heraklion in Israel and at The Hague in Holland, and that the holding of talks in Jerusalem had not until recently been an issue.

One-party state move

The Kenyan Government yesterday published a Bill proposing to make the country constitutionally a one-party state under the ruling Kenya African National Union (KANU), already the only party in existence, Reuter reports from Nairobi. Kam proposed the move last week and expelled dissident politician Mr George Anyona from the party in an apparent attempt to stifle moves to form an opposition group.

Step to democracy

Uruguay's council of state yesterday due to complete approval of a statute to legalise political parties as a first step towards restoring democracy in 1984, said Sr Nestor Bolentini, a council member, Reuter reports from Montevideo. The legislative committee of Uruguay's military Government earlier approved a first reading of the draft law.

THE FALKLANDS CRISIS

Argentina moves closer to non-aligned bloc

By Andrew Whitley

ARGENTINA HAS signalled a long-term shift in its traditional foreign policy orientation, away from the United States in favour of the left-wing dominated Non-Aligned Movement, as a result of the Falklands crisis. The shift, fearfully anticipated by the U.S. and its neighbours such as Brazil and Chile, was publicly declared yesterday at a meeting in Havana of Foreign Ministers from the non-aligned bloc. Sr Nicanor Costa Mendez, the Argentine Foreign Minister,

launched an unexpectedly hostile attack on the U.S. and Western allies such as Israel and South Africa, denouncing the policies of "colonialist and imperialist powers" as "illegitimate and unjust." Until this April, Argentina had been regarded as one of the most pro-Western of all developing countries. The six-month-old Galtieri Government in particular had built exceptionally close ties with Washington, to the extent of being prepared to provide anti-guerrilla assistance to the right-wing

regime in El Salvador. In his speech to the Havana conference yesterday, Sr Costa Mendez, himself an ardent nationalist of known right-wing views, gave Argentina's support to the successful "liberation struggles" waged by Vietnam and Cuba against U.S. influence. He also criticised the U.S. naval base at Guantanamo Bay in Cuba as an "inadmissible example" of great power expansionism. The Non-Aligned Movement was publicly lukewarm and privately deeply split in its support for Argentina immediately after the invasion of the Falkland Islands. But, as the British military successes have gained strength, so opinion has swung more in favour of Buenos Aires. The Argentine Foreign Minister told the meeting he was confident his country could count on their support. Cuba, the Movement's current chairman, is circulating a draft resolution condemning British "colonial aggression" and U.S. support for Britain. A rival bloc of countries led by Kenya and including more

than 20 other members of the Commonwealth, is pressing for an alternative resolution calling on Argentina to abide by UN Security Council resolution 502, which requires a withdrawal of Argentine troops from the islands. The three-day meeting was due to wind up last night with the approval of position papers to be presented to the non-aligned summit conference in Baghdad in September. General Galtieri of Argentina has already indicated that he would like to attend the summit. The programme's governing council was meeting at Geneva to review projects, worth \$2bn, which it plans to undertake in 74 countries in the next four years. British objections to any aid for Argentina had caused the chairman of the council to delay a debate on the projects. But it was decided yesterday to go ahead with the project. No vote was taken. British officials said later that they would have voted against the credit for Argentina, but that the rules of UNDP meant that they could only delay the credit by a week. The \$20m is to be used "for the improvement of national capacity for technological development, transport and communication services to strengthen national institutions, assist productive planning of human resources and improve living conditions in the less-developed areas."

Britain to aid Buenos Aires via UN

By David Tonge

BRITAIN reluctantly agreed yesterday to make a contribution of up to \$1m to Argentina over the next few years for its development. The money represents Britain's share of a \$20m credit proposed by the United Nations Development Programme (UNDP). The programme's governing council was meeting at Geneva to review projects, worth \$2bn, which it plans to undertake in 74 countries in the next four years. British objections to any aid for Argentina had caused the chairman of the council to delay a debate on the projects. But it was decided yesterday to go ahead with the project. No vote was taken. British officials said later that they would have voted against the credit for Argentina, but that the rules of UNDP meant that they could only delay the credit by a week. The \$20m is to be used "for the improvement of national capacity for technological development, transport and communication services to strengthen national institutions, assist productive planning of human resources and improve living conditions in the less-developed areas."

Vulcan was searching for enemy ships

THE RAF VULCAN BOMBER forced to land at a Brazilian airbase was engaged in radar reconnaissance patrols searching for Argentine ships, it was disclosed in Whitehall yesterday. The aircraft, with five crew on board, did intend to land at the Rio de Janeiro airbase as an emergency after some form of failure prevented it being refuelled in mid-air by a Victor tanker aircraft for the last leg of its flight back to its Ascension Island base. Whether it failed to rendezvous with the Victor or some fault stopped the flow of aviation fuel into its tanks is still not known. It is understood that the Brazilian ground radar picked up the Vulcan 186 miles out to sea as it headed for the airbase. Two Brazilian Mirage jets were scrambled to escort it. The British aircraft at that time "did not have a great deal of fuel," it is reported. Whether the Vulcan was carrying a weapon load is still a matter of conjecture. It is believed, however, that its mission would dictate that 1,000 lb bombs would be carried. The Brazilian Government has said the aircraft will be stripped of all its weapons before it is allowed to leave—probably sometime late yesterday. The Brazilian Foreign Ministry said that Brazil did not consider the aircraft had violated its airspace.

Soviet 'help' with radar

NEW YORK—Soviet radar technicians are helping Argentina coordinate its air base radar systems into a nationwide network, the New York Times reported yesterday. In a despatch from Buenos Aires, it quoted officials, industrialists and foreign diplomats as saying that the purpose of the radar network would be to defend the Argentine mainland against attack by British aircraft. AP

Opposition presses junta for economic re-direction

By Jimmy Burns in Buenos Aires

ARGENTINA'S OPPOSITION is showing increasing signs of trading its continuing "patriotic" support for the junta in the Falklands conflict for major political concessions, in particular the replacement of the Government's free market policies by a State-controlled economic programme. Sr Bernardo Grinspin, a former director of the Central

Bank during the radical governments of Sr Arturo Illia (1963-1966), yesterday called for a "complete change of the economic system," and the sacking of the Government's economic team, led by Sr Roberto Alemann. In a separate interview with the English language Buenos Aires Herald, Sr Jorge Domínguez, an economic adviser to the Peronist party, accused

Sr Alemann of seriously underestimating the economic problems facing the country. He demanded that the State take immediate charge of overall investment as part of a "war economy." Further signs of the growing nationalist mood came in a strong verbal attack by unions on the Bank of London and South America (Bolsa), the local operation of Lloyds Bank International.

Leaders of the major unions in the Peronist controlled General Confederation of Labour (CGT), sent a note yesterday to President Leopoldo Galtieri asking for an official investigation into a report that Bolsa had recently been receiving loans from the Central Bank. This puts at serious risk our national unity in the anti-colonialist fight being conducted by the armed forces and people

in defence of our sovereignty," the unions said. The latest nationalist outbursts are being made against a background of intense private debate in business circles over what should be the economic policy adopted by the Government once the Falklands conflict is over. Earlier this week there was a meeting of the main employers' federation, the Union Industrial Argentina (UIA), at which

several leading members are believed to have raised the possibility of the Government agreeing to a social contract. Some industrialists would not oppose a lifting of the current wage freeze in return for a major refinancing package from the Government. One proposal is that the state should agree to write off about 50 per cent of the current debt of the private sector.

Battle for Stanley begins with attack on Argentine defences

THE FOLLOWING is a pooled dispatch from Ian Bruce of the Glasgow Herald.

The last act in the battle for the Falklands opened on Thursday night as troops of the task force moved forward to attack the outer rings of Argentine defences around Stanley. Troops were raxed forward in waves of Sea King helicopters to the jump-off point for an assault on hill which dominates the capital. I have been with the same unit since it landed at Ajax Bay on the west coast, days ago. Since then it has completed an epic hike across an area the size of Wales in weather conditions which have ranged from

soaking rain to Antarctic snow showers. Our landing zone last night was only 12 miles from Stanley, just within range of artillery batteries placed in a tight defensive arc around the town. More than 7,000 Argentine troops are packed into the area. Troops and specialist detachments are in position on Mount Kent, described by senior officers as the Monte Cassino of the mountain chain protecting the capital. At dawn we had attended a final briefing in a corrugated iron shed under the eerie glow of a single naked light bulb. The commanding officer told us: "The mission is to harass and probe enemy positions until we

know his exact strength and whereabouts. I am not going to blunder into a hornet's nest for lack of preparation. "When we are sure, we will go forward and take out those positions. The men will move into action in the basic fighting order, carrying bullets, beans and water. Packs will follow later." He added: "Be prepared for enemy artillery bombardment. I want no futile and useless casualties. Let us finish the last lap with style." The following pooled dispatch was sent two days ago as troops moved towards Port Stanley by Patrick Bishop of The Observer. "Last week I joined a commando unit at the task force's

most advanced position only five miles from the main Argentine garrison. We left two hours after nightfall from Port San Carlos in a relay of Sea King helicopters carrying troops and supplies, threading east along the valleys to avoid attracting fire from any enemy ground patrols. Our first destination was the commandos' HQ position on the slopes of Mount Kent. It had been taken without a fight two nights before. The Marines were dug in around a rocky outcrop to give them protection from Argentine artillery at Port Stanley, seven miles away, which had

been shelling the area haphazardly earlier in the day, and from air attacks which had so far failed to materialise. The morning was warm by Falklands standards—about three degrees above freezing. But cloud had descended and there was a dense drizzle. A group of SAS, mousetraps and long haired, like extras from a Sam Peckinpah western, were less cheerful than the Marines. "Every time we get near an Argv patrol they leg it," complained one of them. "We ran into one the other night though—took two, wounded two, killed three."

Unlike the rest of the military, who talk about "zapping," "taking out," and "blowing away" the enemy, the SAS prefers the direct term. The Argentine troops who occupied Mount Kent and the surrounding high ground melted back to Port Stanley at the noise of the first helicopter. When the commandos arrived, they found mounds of abandoned equipment. The commandos had moved straight to the top of the mountain. Across the valley to the north Paras and Marines had taken control of the high ground. Only the south remained to be captured to seal off Port Stanley completely.

UK NEWS

Row likely over choice of subsidised computers for GPs surgeries

BY JASON CRISP

A ROW is brewing over Government plans to subsidise computers in a number of doctors' surgeries as part of Information Technology year (1982).

The Government is expected to announce on Monday that it will pay half the costs of installing computers in up to 150 general practices. The row is because only computers from two of the dozen or so companies offering computer systems for GPs will be eligible for the subsidy.

The two companies, CAP and British Medical Data Systems, were secretly selected by civil servants. The other companies say that none was approached by the two departments involved, Industry and Health, to see if they could meet the Government's requirements.

The Department of Industry says it had to limit the firms to two so that the results of computerising different types of general practices could be compared. Criteria for selection included the ability of the company to provide rapid service and maintenance and that both computer and the software program were British.

BMDS—a joint venture between BOC (51 per cent) and the U.S. company Shared Medical Systems (49 per cent)—has recently adapted its program for GPs to run on British-made microcomputers.

The General Practice Computer Suppliers Association, which represents most of the companies offering computers for GPs, including CAP and BMDS, points out that other

companies could have adapted their systems to run on British-made computers. If they were eligible for a 50 per cent subsidy.

The association complains that the Government is helping the two largest companies which are least in need of help. It warns in a letter to Mr Patrick Jenkin, Industry Secretary, that small companies in the field may be put out of business.

To date only 50 to 100 of the country's 8,000 practices have installed computer systems. The association believes that 150 half-price systems in one year will leave virtually no market for the other companies.

BMDS says there is a market for 300 systems in the next 12 months. The DoI says the

scheme will stimulate demand. Dr John Dawson, head of the scientific and ethical division at the British Medical Association and secretary of the IT 82 health committee, strongly backs the DoI decision. For comparison between different practices, he questioned whether even two companies should have been selected.

He also said that the majority of companies offering systems for GPs concentrated on office administration. "I am trying to encourage the use of computers to improve primary care."

The DoI says it consulted the medical profession. This apparently began at a routine meeting at the Department of Health and Social Security earlier this year at which there were two doctors representing the Royal College

of General Practitioners and two representing the BMA.

The scheme was outlined to the doctors. They were asked to advise on what GPs would require from a computer system. According to one of the doctors there was never any consultation on which particular system would be suitable. At later meetings, CAP and BMDS demonstrated their systems to the doctors and initially neither fulfilled their requirements.

The BMDS system is broadly based on the "Exeter" system—a long-term experiment funded by the DESS where a number of practices in Devon were run on a large computer. It is a difficult task to condense a program written to run on a large computer to work on a micro. The GPCSA complains that

the Government did not consult it, the British Computer Society's Primary Care Specialist Group nor the Joint Computer Policy Committee set up by the BMA and RCGP.

The doctors who were consulted—representing the BMA and RCGP—were shown only the two chosen systems. One said: "My impression is that DoI officials had identified the companies from the outset."

While the consultation process went on, considerable emphasis was placed by civil servants on the need for security. Yesterday a spokesman for the DoI said: "We wanted proven companies to see what they had for offer—they were not just picked out of a hat."

LABOUR

BR keeps rail workshops going to avoid dispute

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL yesterday moved to circumvent industrial action by its largest union by deferring the closure of its railway engineering workshops and the rundown of a third. The plan would have meant the loss of 6,000 jobs.

The National Union of Railwaymen had threatened to take industrial action if the closure of works at Shildon, Co Durham, and Horwich, Greater Manchester, and the partial rundown of the works at Swindon were not halted by next Monday.

British Rail acted after private consultations with union leaders and hopes that the terms of a letter sent yesterday to the NUR and the Confederation of Shipbuilding and Engineering Unions, suspending the closure, will be enough for the NUR executive to lift the threat of action when it meets on Monday.

BR is keen to avoid for the present any action over the workshops because of the looming dispute with all its unions over its pay offer of 5 per cent from September, strictly tied to productivity, and with the Associated Society of Locomotive Engineers and Firemen over productivity. Its initiative should be enough to swing the NUR away from its planned selective

industrial action. BR at the stage cannot afford to lose the support of the union over the vexed issue of flexible rostering.

It believes the NUR's acceptance of a special weekly £2.50 rostering payment will help to dissolve Aslef's opposition to the proposal.

BR Engineering Limited is to meet the unions over the suspension of the closures on Tuesday, the day before a projected meeting between the three unions over mounting a united response to the pay offer.

The letter yesterday stressed BR Engineering's "serious overcapacity," but noted the "understandable reaction" to the closure proposals. However, it said there was no change to the forecast workload of the year and measures were needed to reduce overcapacity.

It held out two slim prospects: first, the chance of export orders from Nigeria and Kenya for rail wagons and, secondly, the prospect of the Serpell inquiry into British Rail coming down in favour of increased investment.

Accordingly, "the BR board is prepared to defer work proposals for the time being," the letter said. This period is considered within BR to mean at least six to nine months.

Gas workers win wage increase worth 9%

BY JOHN LLOYD, LABOUR EDITOR

THE COUNTRY'S 41,000 gas workers have been awarded a wage increase package of just over 9 per cent by the Advisory, Conciliation and Arbitration Service.

The award—which is binding on the gas unions and British Gas—brings them into line with other workers in the energy sector such as miners and electricity workers. It is to be accepted formally on Monday.

The arbitration award satisfied the unions' objections raised over a previous offer. These centred on the corporation's refusal to consolidate any element of bonus pay. The offer was also felt to discriminate against the non-bonus workers. Under the terms of the arbi-

tration, workers will receive a "bonus fallback rate" of 7 per cent and non-bonus workers a payment of £2.50 a week—both to operate from next January.

The increase awarded on basic pay is between 7.5 and 8 per cent, with similar increases on bonus payments and a slightly higher increase on "special obligation" payments. Holiday pay and payments for "staggered working" or flexible shifts are also to go up.

Officials of the General and Municipal Workers Union, the major union for gas supply, reckon the package so far worth 9 per cent this year, and a little over 9 per cent next year when the extra bonus payments come through.

Spreading the word on the cost of caring

More UK news Page 17

that Mr De Lorean has finally accepted that his own efforts to rescue Belfast failed, and that he is now supporting the UK consortium's proposals.

The way has now been cleared for the consortium to make arrangements with the City financial institutions from which the funds for the rescue would come.

The consortium remains unidentified, but Sir Kenneth repeated yesterday that they are individuals from British companies. There has been some speculation that the Renault-Peugeot-Volvo joint company which provides the De Lorean engines was behind the rescue attempt.

The initial amount required to take over the Belfast plant may be below £10m, on the basis of assuming a lease or mortgage of the plant.

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The closure decision, by the Reed Paper and Board (UK) subsidiary, followed seven-figure losses at Tovil. About 220 people will lose their jobs, leaving a workforce of 150.

The closure follows confirmation of the shutdown of Reed's Crown Wallpaper factory at Bredbury, near Manchester, which employs some 300 people.

The Tovil Paper Mill's present capacity is 42,000 tonnes a year of copier paper, creped kraft, creped towelling, straw-paper and other packaging products.

Closure talks at animal foods plant

RHM Agriculture North West was yesterday negotiating with unions about the closure of its Birkhead animal foods mill, with the loss of 105 jobs. It also plans to cut the workforce at its Wrexham administrative plant from 35 to five.

Liverpool leisure complex opposed

LIVERPOOL CORPORATION planning officers are advising the city council to reject a £23m shopping and leisure complex in the derelict, fear extra facilities could damage hard-hit city stores.

Victorian Falklands document auctioned

A MANUSCRIPT warrant carrying the Great Seal from Queen Victoria appointing Thomas Moore as Governor and Commander-in-Chief in and over the Falkland Islands and in their Dependencies, sold for \$800 at Christie's South Kensington, yesterday. It was dated July 6 1858.

The buyer was a private collector, Mrs Monica Nicholas. At Christie's summer sale of Victorian pictures, Maas, the London dealer, paid £28,000 for Arthur's Tomb by Rossetti. Demand was patchy, with the top lot, Hill Fairies by Burne Jones, failing to find a buyer.

Government may get tougher with councils

By Robin Pauley

A VEILED warning that local authorities in England and Wales face a very tough rate support grant settlement for 1983-84 was given by Mr Tom King, Local Government Minister yesterday.

He told the Chartered Institute of Public Finance and Accountancy conference in Harrogate it would be a grave mistake to imagine that the Government, having failed to reduce council spending, had decided to let local authorities off the hook.

A series of Government initiatives to influence council spending had cut expenditure by only 0.5 per cent in three years and council manpower had fallen by only 4 per cent in the same period, even though school rolls had fallen by 7 per cent.

Both expenditure and manpower had been at record levels three years ago, "so I cannot award myself or local government very high marks for achievement," Mr King said.

Local authority budgets showed spending plans for 1982-1983 to be £1.4bn above Government targets in spite of an upward revision of £30m in those targets which the Government conceded last autumn.

In the next RSG settlement, the Government would maintain its efforts to achieve economies and would continue trying to protect low spenders from penalties. The block grant mechanism would be used to influence levels of spending and the Government would "continue to be interested in the level of Exchequer grant."

Mr King refused to explain these comments further, but the Government is now known to feel that cutting its contribution to council spending is the most effective way to reduce expenditure.

Sharper grant reductions for councils exceeding Government spending targets and a heavily reduced level of overall grant from the government now look increasingly likely.

Mr King said the Government must retain overall control of total public expenditure, and within that policy it must try to influence, but not control, local government spending.

Local government represented 8.5 per cent of gross domestic product, employed 3.5 million people and consumed 25 per cent of total public expenditure.

Rates affected the retail price index and the overall burden of taxation in the economy. Local authority pay could have a crucial knock-on effect. No Government could, therefore, ignore local government expenditure.

British team to visit China for talks on nuclear plant

BY LISA WOOD

A HIGH-level delegation from Britain is to visit China next month to continue discussions on the feasibility of building a nuclear power station in Canton province.

Representatives invited by the Chinese Government include British Nuclear Fuels, GEC Turbine Generators, Department of Industry officials and British bankers.

The main protagonists for the project are Chins Light and Power, one of Hong Kong's two main electricity suppliers, and GEC, which could supply the turbines—hence the strong support from the British Government.

Plea for inner city funds

BY LISA WOOD

CRITERIA for the allocation of monies to the UK from the EEC's social and regional funds should be redefined to help the South-East and Midlands, according to a submission made yesterday by the Commission for Racial Equality.

In a paper presented to the EEC Commission for Social Affairs, the Commission argued that the allocation of monies under both the social and regional funds indirectly discriminates against multi-racial areas of the UK and hence

SNP chairman threatens to resign

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish National Party was plunged into crisis yesterday as Mr Gordon Wilson, the MP for Dundee East, threatened to resign as chairman unless factions were purged from the party.

A group of left-wingers walked out to cheers and jeers at the SNP annual conference in Ayr when Mr Wilson tabled a motion, to be voted on today, to ban all organised groups within the party.

And last night Mr Ron Wyllie, the party's candidate for the June 24, Coatbridge and Airdrie by-election, and a member of the left-wing Group, threatened to withdraw from the poll if he failed to win conference approval in another vote today.

Today's vote could lead to many socialist orientated SNP

supporters leaving the party, and last night the 79 Group showed every sign of fighting today's move.

Mr Wilson said: "I put my position on the line for something I believe is necessary. This is intended to cleanse the party of factionalism. The worse of all possible solutions would be to allow anarchy to continue."

The SNP could end up exactly in the same position as the Labour Party in terms of internal division, he said.

The nationalists have only two MPs in Westminster and had a poor showing in the May regional elections, they collected only 13.4 per cent of the vote. The party faces a severe identity crisis.

The 79 Group grew up three years ago to infuse new life into the party by driving at

Labour's solid Scottish vote. Its influence saw the party taking an active role in industrial disputes and the campaign against nuclear weapons.

On Thursday, left and centre factions of the party tangled in a vicious fringe meeting which party officials said had further damaged the party's image.

The issue was brought to a head with the formation of the Campaign for Scottish Nationalism by Mrs Winifred Ewing, an MEP and other party moderates.

The bitter row inside the nationalist movement in Scotland has done a great deal of damage, puzzling if not angering party officials said further.

Mr Wilson said he was reluctant to inject the move against factionalism into his main address, which was chiefly intended to rally nationalists be-

hind an attack on the Government.

He said Mrs Thatcher and Mr John Nott, the Defence Secretary, had blood on their hands because they had failed to act in time over the Falklands.

It would be immoral for Mrs Thatcher to be sustained in office as a result of the sacrifice of the armed forces and merchant seamen. It was her failure as a Prime Minister to take pre-emptive action which could have forestalled invasion and saved hundreds of lives," he said.

Mr Wilson dismissed the other opposition parties in Scotland. Labour has become the party that could not win, he said, and the Social Democrats had done a "belly flop," gaining fewer councillors in the regional elections than the nationalists had at their lowest ebb.

By-election was bad news for all parties

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE RESULT of Thursday's by-election in Merton, Mitcham and Morden brings little comfort to any of the three major parties.

Indeed, many agree with Mr Roy Jenkins' comment on the 49.75 per cent turnout that the electorate had gone to sleep—though they might have been more factual than to say it.

Mrs Angela Rumbold, for one, saw the Conservative vote drop to 13,906 from 21,050 in May 1979. Consequently, her claim to have taken votes from both Labour and the Social Democrats looks a little thin and she may leave her work cut out to hold the seat at the next general election.

Mr Bruce Douglas-Mann, whose gamble in re-presenting himself to his constituents after

his defection from Labour to the SDP was torpedoed by the Falklands crisis, has already indicated that he will be mustering his forces for an onslaught on his former stronghold at the next election.

Given more favourable circumstances, he might succeed. He was known in the constituency as a conscientious and effective MP.

In the meantime, however, his well intentioned gesture will cause acute embarrassment to the remaining 28 SDP MPs, 25 of whom won their seats as Labour candidates. They can look forward to a barrage of calls to resign and Labour accusations of "sailing under false colours" for some time.

The real disaster, however, was for the Labour Party whose

candidate, Mr David Nicholas, held barely a third of the 1979 Labour vote. It was, party officials conceded yesterday, just about as bad a result as was possible.

The seat ought to have been within Labour's grasp and, given the extremely low poll, the party cannot credibly claim to have been swept aside by an overwhelming wave of support for the Government in time of trouble.

Many Labour MPs at Westminster are hoping that, after being pushed into third place in five successive by-elections, the party may finally be shocked into accepting some form of discipline.

Thursday's result only underlines something that has been plain for a long time, and that

Further London airport expansion urged

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

INCREASES in the volume of air traffic passing through London's airports in recent months indicate that a further expansion of airport capacity will be needed during the 1980s.

The authority now faced its biggest ever capital investment programme. "Over the next five years we expect to invest £830m in our airports, a figure which includes an allowance for inflation."

Mr Payne stressed that it was essential for Britain to maintain the momentum of success that British civil aviation had created in recent years.

"Do not assume that air-

ports are immune from the

same competitive pressures that the airlines and other businesses have to live with. They are not."

Rolls-Royce has begun formal talks with Pratt and Whitney of the U.S. and the three Japanese aero-engine manufacturers on the possibility of setting up a major new consortium to develop an engine for the projected new generation of 150-seat airliners.

Rolls-Royce will get a substantial share of the business from an order by Cathay Pacific Airways for a seventh Boeing 747-200 Jumbo jet, which is powered by RB-211-534D4 engines.

The deal is worth HK\$340m (£33.8m), of which the engines will account for about one-third (including spares).

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Thai International will be able to increase its loads on at least one of its three weekly flights to London from Bangkok, while BA has been given rights to fly between Bangkok and Singapore and Malaysia, according to reports from Bangkok.

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Talking to a group of staff nurses and nursing sisters in the accident and emergency section, however, one found there was no doubt about their bitterness on pay.

The nurses ran through the facts on pay. Pre-tax basic, a state-enrolled nurse receives £4,008 to £4,835, a staff nurse £4,450 to £5,426 and a nursing sister £5,628 to £7,215. For the responsibilities of the job and the years of unrewarded training they think inter-linking is the least they deserve.

Most nurses, however, still have real anxieties and doubts about industrial action.

So if Nupe's call for all-out strike action is accepted by the TUC health services committee on June 9 the union ranks could be split seriously. There were already signs of that in Leicestershire yesterday.

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Ticking over, but so slowly . . .

Wage
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MARKET HIGHLIGHT

deal has relied heavily on the fact that the Globe/Electra

Allied cheer

The wines, spirits and soft drinks division was the start performer. Profits jumped by 511m

Malaysian Estates of 176p a Third World markets, and in share. Europe.

strong collection of brands and

	Price y'day	Change on week	1982 High	1982 Low
F.T. Govt. Secs. Index	70.16	+ 0.96	70.16	67.16
F.T. Ind. Ord. Index	587.8	+ 0.5	590.9	518.6
Anderson Strathclyde	125	-17	145	81
Antofagasta Railway	£89	+ 10	£89	£68
Bond Corp.	72	- 8	151	62
Coalite	125	+11	133	109
Cons. Murchison	190	-30	292	190
Eagle Star	354	-17	391	304
Glxco	707	+24	707	418
Harrisons Malaysian Ests.	165	+25	182	140
Immediate Business Systems	105	+18	105	87
Lake & Elliot	42	- 7	60	36
London & Montrose Trust	746	+21	747	39
McCorquodale	183	+18	183	130
Noble & Lund	72	- 6	18	7
Pengkalan	335	+15	450	280
Radio City	93	+16*	97	83
RTZ	418	-15	468	412
Sonic Sound	62	-18	129	62

* Based on offer price of 77p.

The preliminary figures posted this week showed pre-


Despite property profits being down by more than half

...selling particularly well in

Month	Imports (Millions of Dollars)
J	10
F	20
M	15
A	10
M	15
J	10
J	15
A	10
S	15
O	10
N	15
D	10
J	15
F	10
M	15
A	10
M	15
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J	15
A	10
S	15
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de simple or mature anti-
otics—such as Amoxil—went
n selling particularly well in

Sonico was again the big earner, turning in £110m net, but losses from BP's downstream operations continue to hold back progress. The company is now wielding the axe



Mr Harry Oppenheimer

BUILDING SOCIETY RATES				
	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abber National	8.50	8.75	10.00	10.75 high option, 9.25-10.75 1-5 years 6 years sixty plus. 10.25 1 year open bonds/bars
Aid to Thrift	9.55	9.80	—	—
Alliance	8.50	8.75	10.00	10.75 5 y., 10.25 4 y., 10.25 £500 min. 2 m. not. or £100+50 d. int. pen.
Anglia	8.50	8.75	10.00	10.75 6 y., 3 m. not., 3 y., 2 m. not. 10.25 1 mth's. not. all int. loss
Bradford and Bingley	8.25	8.75	10.00	9.75 1 month's notice
Bridgwater	8.50	8.75	10.25	10.75 5 years, 9.85 24 years
Bristol Economic	8.50	8.75	10.00	9.50 3 months' notice and 9.75 on balances of £10,000 and over. Escalator shs. 9.25-10.75 (1-5 y.)
Britannia	8.50	8.75	10.00	10.75 6 y. option bond, 10.00 2 m. not.
Burnley	8.50	8.75	10.00	10.75 5 yrs., 3 mth. not.; 9.75 1 m. not.
Cardiff	8.50	9.25	10.25	9.50 on bal.: £3,000-10,000, 1 to £3,000 £10,000 and over
Cardiff	—	10.00	—	—
Catholic	10.00	9.00	10.00	9.25 on share balances of £5,001+
Chessea	8.50	8.75	10.00	10.00 1 mth. or on demand (int. pen.)
Cheltenham and Gloucester	8.50	8.75	10.00	—
Cheltenham and Gloucester	—	9.75	—	— Gold Account. Savings of £1,000 or more (8.75 otherwise)
City of London (The)	8.75	9.10	10.25	10.25 Capital City shs. 4 mths' notice
Covey Economic	8.50	8.75	10.25	10.50 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Derbyshire	8.50	8.75	10.00	9.25-9.85 (3 months' notice)
Ealing and Acton	8.50	9.25	—	9.90 2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75 2 yrs., 2 mths. not. int. loss
Gateway	—	9.75	—	— Plus a/c £500 min. Int. 4-yearly
Greenwich	—	8.85	10.10	10.85 5 yrs., 10.10 3 months' notice
Guardian	8.50	9.00	—	10.76 6 mth., 10.25 3 mth., £1,000 min.
Halifax	8.50	8.75	10.00	10.75 5 yrs., 3 mths.' wdl. notice
Heart of England	8.50	8.75	10.50	— 3 mths.' notice 9.75, 5 yrs. 10.75
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75 5 yrs., 10.25 6 mth., 10.00 4 mth.
Hendon	9.00	9.75	—	10.50 6 mths., 10.25 3 mths.
Lambeth	8.50	9.00	10.50	11.00 5 yrs., 9.75 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35 1 year
Leeds and Holbeck	8.50	8.75	10.50	10.85 5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.75	10.00	10.75 3 yrs., £1. a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 mths.
London Grosvenor	8.00	8.25	11.00	9.75 3 mths.' notice 1 mth. int. pen.
Midshires	8.50	8.75	10.00	10.25 1 year
Mornington	8.30	9.80	—	—
National Counties	8.75	9.05	10.05	9.75 35 days' notice min. dep. £500, 10.15 6 mths.' min. dep. £500
Nationwide	8.50	8.75	10.80	10.75 5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75 4 yrs., 9.75 2 mths.' notice, or on demand 28 days' int. penalty
New Cross	8.50	8.75	—	9.75-10.50 on share accs. depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	8.50	8.75	10.25	9.75 3 yrs., 9.50 2 yrs.
Paddington	8.25	9.25	10.75	10.25 Loss 1 month int. oo sums wdp.
Peckham Mutual	9.25	9.50	—	10.00 2 y., 10.5 3 y., 11.0 4 y., 9.75 Bns.
Portsmouth	8.85	9.05	10.55	11.10 (5 yrs.) to 10.50 (6 mths.)
Property Owners	9.75	10.25	11.75	11.75 4 yrs., 11.75 6 mth., 11.05 3 mth.
Provincial	8.50	8.75	10.00	10.75 3 yrs., 9.75 1 month
Skipton	8.50	8.75	10.00	9.85-10.00 28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00 2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.80-10.75 all with special options
Town and Country	8.50	8.75	10.00	11.00 5 yr., 10.75 3 yr. 60 d. wdl. not. 10 2 mth. not./28 days' int. loss
Wessex	8.75	9.80	—	—
Woolwich	8.50	8.75	10.50	10.75 90 days (int. loss), 9.75 immmed. access (int. loss) or 28 dys.' not.
Yorkshire	8.50	8.75	10.00	10.25 5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden Key 28 days' penalty interest

* Rates normally variable

The rule for survival

BY OUR LEGAL STAFF

I have made a will leaving everything to my wife, and in case she predeceases me, to our two children aged 9 and 7 years. She has made a similar will in my favour. Could you please tell me what happens if all four of us die at the same time, for example, in a plane crash?

When two or more people die in circumstances in which it is uncertain which of them died first, the rule is that the younger is deemed to have survived the elder. A different rule applies between spouses where one or both die intestate, but that will not apply if you have both made valid wills.

within the tax limit. Gains on insurance bonds are chargeable to income tax, not capital gains tax (in straight-forward situations).

When you surrender the bonds (or they mature), the tax will be subject to top-slicing, but it will take into account the partial surrenders. As you will see from the companies' literature, the tax liability on partial surrenders (up to the 5 per cent limit) is simply deferred: you do not escape tax permanently.

Rates and an empty room

The local Borough Surveyor inspected a recently built extension to my house and required certain work to be carried out. In the meantime he has prohibited the use of the newly-constructed area for reasons of fire regulations. The builder is appealing against some of the work required to be done. As this process may take several months before a decision is reached, I wrote to the rates officer requesting an "empty allowance," but received the reply that "... as occupation of part of the assessment is deemed to be occupation of the whole ... no allowance could be made."

Could you please advise who can make the builder carry out the work and what recourse is there if he refuses to do so? Why must I pay rates on a room that I am prohibited from using?

No upsetting a title

In 1972, a house which was owned by my wife and self was subject to a building society mortgage and a second mortgage. The second mortgage "sold" the property as a result of our default. Under the Building Societies Act, the sale was not properly conducted, which I have established through the Registrar of Friendly Societies. He is unable to take action because it is outside his three-year time limit. I understand that it is possible to upset the title even now, and would like to know, is the time limit for doing so 12 years?

If the sale was by the second mortgagee, and that mortgagee was not a building society, the provisions of the Building Societies Act 1962 will not have applied and any claim would have to lie in negligence, for which the limitation period is six years. In any event you would not be able to upset the title, as opposed to suing the mortgagee for damages, unless the purchaser could be shown to have known of the irregularity in the conduct of the sale.

Assurance bonds gain

My wife and family pay higher rate tax and investment surcharge. We invested in 1969 £1,000 in City of Westminster Assurance Company Westminster Bonds and £1,000 in Abbey Life Assurance Property Bonds and until 1975 paid tax on our withdrawals. From 1975 we have restricted our annual withdrawals to 5 per cent of our lump sum investment and have paid no tax. (This was on the recommendation of the fund.) Is this OK please?

Supposing we no longer wish to realise about £1,000 in each case are we liable to any tax? The capital gains would be well

A self-employed pension

I already contribute 15 per cent of my salary to a pension fund of a local authority and I understood that this was the maximum. I am in full time employment with the Authority. I understand that tax relief up to 17.5 per cent of net relevant earnings can be contributed to some schemes including those with "no pensionable earnings" and the "self-employed."

(a) Can I use the difference

covered by tenant contributions to a management company. In 1981 total contributions were over £15,000, and as there were occasions during the year when there were large sums in deposit, the interest thereon attracted corporation tax at 40 per cent. Can you suggest any means whereby we could build up a contingency fund and avoid tax on interest in the meantime?

If there is mutual confidence (and a low turnover of shareholders/tenants), it might be possible to build up individual bank deposits—to be handed over to the company on demand when needed. However, the problems of a departure from the established procedure may well outweigh the net tax benefits. We suggest that you (and other shareholders) seek the opinion of the company's accountants on possible alternative arrangements.

Residential complex tax

I have an interest in part of a residential complex, the operating cost of which is

Maintenance of child

Can you give me some guidance on whether it is possible and how to proceed in relation to a court order for child maintenance made in West Germany which the Inland Revenue will not accept for tax relief purposes? They say "that payments under a court order originating outside the UK are not within the charge to tax under case III Schedule D and sections 52/53 Income and Corporation Taxes Act 1970, as amended." We are assuming that you are domiciled in England and Wales (or in Scotland or Northern Ireland), as

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

between 15 per cent and the maximum to contribute to a separate scheme, and claim relief of tax on these contributions? (b) If I have earnings arising outside my normal employment of variable amounts can I contribute to a separate scheme from these earnings?

The maximum contribution which an employee can pay to a pension plan and on which he can obtain tax relief as an expense is 15 per cent. The 17.5 per cent figure to which you refer relates to self-employed contributions, hence:

(a) You are not permitted to "top-up" from 15 per cent to 17.5 per cent in respect of your local authority earnings. In fact no self-employed contributions may be paid in respect of earnings from a job covered by a pension scheme no matter how poor the pension scheme, and.

(b) You may pay self-employed contributions in respect of earnings from a second job if that second job is not pensionable or in respect of earnings as a self-employed person outside the scope of your pensionable employment.

Employment and tax

In the case of a tax-exempt redundancy payment to a university teacher, does the Inland Revenue at present tax it where the teacher is subsequently re-employed by his institution on a part-time basis?

Assuming it to be a bona fide case no tax would be payable.

well as being resident and ordinarily resident in the UK. In saying that the maintenance payments are not within the charge to tax under case III of schedule D, your Inspector appears to have overlooked the legal advice which the Board has received, apparently, that annuities and other annual payments (including interest) paid by a resident of the UK always have a UK source and consequently fall within the scope of case III. You should take this point up with the Inspector.

If the maintenance payments are taxable in the Federal Republic they will be exempt from UK tax under article XV of the FRG-UK double taxation convention (of November 26, 1964), but your own right to UK tax relief will be protected by the Double Taxation Relief (Taxes on Income) (General) Regulations 1970, if the appropriate forms are completed by your ex-wife.

If you do not get anywhere with your Inspector, you may like to come back to us with more precise facts and figures.

A spent conviction

We have received the following from Mr A. J. Baldwin, Clerk to the Justices in the Middlesex area of Greater London. Further to your advice concerning spent conviction May 8, I am writing to draw your attention to the provisions of Section 7 of the Rehabilitation of Offenders Act 1974 which makes it clear that the Act does not apply to any criminal proceedings before a Court in Great Britain. It is therefore open to the Court to have its attention drawn to convictions which might otherwise be considered to be spent, although a Home Office circular was distributed in 1975 to all Courts suggesting that "spent" convictions should not be read out in open Court

unless the Court has been influenced by them in determining sentence. It should also be noted that a conviction which falls outside the appropriate period may be revived, as it were, by a subsequent conviction within the period. Thus it would be perfectly proper for a Court Clerk to read out details from a Swansea Licensing Centre print-out that the defendant has a conviction for speeding in each of the years since 1970.

I hope that this information is useful to you and that you will make it known to your readers as it is an area of law which frequently gives rise to misunderstandings even among members of the legal profession.

Eric Short reports on Abbey Life's plan to attract home buyers

A new unit-linked mortgage

FOR THE past decade, unit-linked life companies have been steadily encroaching on the savings markets that previously were served by the traditional life companies. But one important sector has remained inviolate — mortgages and mortgage repayment. This all changed yesterday when Abbey Life announced its entry into this field with the launch of its MortgageMaster Plan.

Repayment of a mortgage with a life contract has long been acceptable by building societies and now by the banks. For many traditional life companies it now represents a major source of life business from individuals. But it does mean that the maturity proceeds of the policy have to be guaranteed to be enough to repay the mortgage whatever the state of the stockmarket.

Building societies have been prepared to accept a with-profit contract, even though future bonuses are not guaranteed by the life company, because bonus rates have shown remarkable stability in the past 35 years. No life company has cut its reversionary bonus rates since the war.

Low cost endowment policies assume that future bonuses will be 80 per cent of current bonus rates and this margin is considered adequate by the building societies and the banks. Unit-linked contracts are different from with-profits in that there are no financial guarantees compared to a with-profit contract. If the date of repayment of the mortgage coincides with a depressed unit price, the policy proceeds may be insufficient to meet the mortgage. The traditional life companies still quote the 1974 bear market to emphasise why unit-linked contracts are basically unsuited for mortgage repayment.

However, Abbey Life has had to make several modifications to the contract used for mortgage repayment—the whole life

COMPARATIVE COSTS OF REPAYMENT (a £26,000 mortgage over 25 years taken out by a 29-year-old man)		
	Abbey Life MortgageMaster	Standard Life Low Cost
Monthly interest payments at 13½% (less of tax at 30%)	160.41	160.41
Monthly life assurance premiums net of life assurance tax relief	25.34	26.69*
total monthly net payment	185.75	187.10
Estimated maturity proceeds cash surplus	31,268†	26,156‡

* Including waiver of premium benefit.
† Including interest bonus of £4,310.
‡ Including terminal bonus of £10,370.

regular premium contract CoverMaster—before it was acceptable to banks and building societies. It had to ensure a measure of stability and some form of guarantee to the ultimate cash-in value.

First, investors have no choice of funds for the underlying linking. Investment goes automatically into units of the £560m property fund—largest fund of its kind. Abbey Life's investigations revealed that the unit price of this fund has shown remarkable stability combined with a good yield since 1973. Its wide spread of property holdings should help to ensure continued stability in the future.

But this in itself is not sufficient. Memories of the collapse of the property market in 1975, when Abbey's unit price fell some 40 per cent, are sufficient warning that only cash funds can guarantee that the unit price will not fall.

So Abbey has introduced a safeguard into the calculation of the cash-in value at the end of the mortgage period. This will be based not on the unit price on the day of the cash-in, but on the average unit price over the previous five years. This average price has not fallen since outset, even in the

dark days of 1975. But in normal times of a steadily rising unit price, this average price will lag behind the current price. This shortfall will be offset, at least partially, by the payment of an interest bonus at cash-in.

This bonus will be declared on the recommendation of the actuary based on interest rates prior to cash-in and reflecting the internal investment switching made by Abbey. Abbey has thus introduced an element of with-profits on its linked contract.

Finally, all calculations to determine the premium will assume a conservative growth rate—at present 7 per cent against the usual 10 per cent for illustrations.

This move is welcomed on the grounds of extending the investment contracts available to homebuyers for repaying a mortgage. On the other hand they have to decide whether a unit-linked plan will offer a better return than a traditional low-cost. The table compares MortgageMaster with a low cost from Standard Life, one of the top performers in the traditional field.

As a result, Abbey's monthly premium is lower. But on illustrations, Standard Life offers



Michael Hopper, Abbey Life chairman

prospect of a higher cash sum at the end. The homebuyer has to decide whether the return on the property fund will outweigh future bonus rises.

Abbey Life is not confining its move into this new field by simply offering a contract to repay a mortgage. It has also linked up with the Bank of Scotland and Provincial Building Society to provide mortgage finance. In this respect Abbey is following the development made in recent years by traditional life companies.

This link will enable Abbey to meet the mortgage requirements from its own 2,500 direct sales force as well as the needs of intermediaries. But it visualises its growth in mortgage business coming from intermediaries.

Other linked-life companies can be expected to follow the Abbey lead in due course.

Bugle sounds for Ernie

"NO MATTER what you think about his effect on the nation's moral fibre, Ernie is certainly not a crook," says Mr. Peter Bugler, an official at the Department of National Savings.

Mr Bugler is an ardent defender of Ernie, the affectionately-named random number generator which selects the winners in National Savings' regular Premium Bond draws. In spite of his critics, Ernie is thriving.

Yesterday marked the 25th anniversary of the Premium Bond scheme and Ernie dutifully churned out the winning numbers for this year's £250,000 jackpot prize. With the lucky owner of bond number BK8863317 most likely nursing a hangover this morning, it might be an apt time to consider the status of all those losers.

One out of two people in Britain, or 25m investors, hold Premium Bonds. Initially denounced as a sure way to undermine Britain's moral fibre, the game has since pulled in a pool of funds which now totals some £1.5bn. The pool includes bonds purchased any time since June 1958 as the bonds have no maturity date. In spite of the name of the

game, this kind of bond pays no premium unless its number is selected by Ernie in one of his weekly draws. The scheme has distributed more than £1bn in prizes in its 25 years, with Ernie now dishing out about £8.5m a month. That £1bn might sound like a hefty sum, but the National Savings readily admits that the scheme is only providing an overall 7 per cent return, tax-free, to its bond holders each year.

In fact, Ernie has been providing a 7 per cent return for nearly two years (a time in which Britain's bank base lending rates have been as high as 17 per cent).

"Whether the amount golog out in prizes is a good or bad deal depends on your point of view," says Mr Bugler, "but Ernie has proved his attractiveness as a national institution. There is always more money coming in and each year we can increase the value of prizes given out."

Casting in a bond recoups only its face value, so most losers hang on even though the odds of any one bond being a winner have lengthened somewhat over the years. The bond prizes are tax-free, so they remain a reasonably attractive to those in the higher tax brackets.



A wealthy investor who buys the maximum amount allowed—£10,000—earns 10,000 chances in the Premium Bond "raffle" of about 1.5bn "tickets" (each £1 unit is one chance to Ernie). "It is certainly unwise to think of it as an investment in the traditional way. It's more of a flutter," says Mr Bugler. He adds that the criticism of Ernie on moral grounds has died out, but people continue to complain that Ernie favours the London area and that newer bonds have advantages over older ones. Mr Bugler says both com-

plaints are untrue. "Ernie has given bond holders a good run for their money and has provided a good return to the Government at the same time." As gilt-edged securities now cost the government more than 13 per cent, Ernie's 7 per cent pay-off could well prompt complaints of stinginess from one or two losers this morning. But for the other side of the story, talk to the holder of bond BK8863317. He might even spare you a glass of champagne.

Carla Rapoport

Attention all UK expatriates

Resident Abroad, the monthly magazine for UK expatriates, fills an information gap that has existed for far too long. The publication has a special emphasis on personal financial planning, with all you ever wanted to know about earning, spending and saving money outside the UK. This, together with coverage of the wider financial world and the newly expanded general section, provides a wealth of information, advice and comment on all matters of vital importance to the expatriate.

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Where the best of Spanish comes from

WINE
EDMUND
PENNING-ROWSELL

OVERALL, the best table-wine producing region in Spain is Rioja, which lies along the middle of the valley of the river Ebro, as it slowly makes its way across northern Spain, from its source in the Cantabrian mountains to its mouth in the Mediterranean south of Barcelona. The name derives from the Rio Oja, a tributary of the Ebro that joins the main river at Haro, the main centre of its wine industry.

Yet in spite of the quality of the wines, Rioja has only comparatively recently become an internationally known wine name on a wide scale: less than 20 years. Its traditional export markets were in Latin America and the only two firm names likely to be found on British wine lists were those of the Marques de Riscal and the Marques de Murrieta. These still figure prominently here, but today they have many competitors, for in the last decade or so red Rioja is perhaps the most successful middle-range quality wine to be sold in the

UK, as well as in the U.S. And some aspire to a still higher quality.

It is not, however, a "new wine" in the sense that many of the Australian and Californian wines may so be loosely described. Nor, on the other hand, is it as such a very old wine, though wine has traditionally been grown in the Ebro valley, as it was throughout Spain; particularly before the phylloxera.

Oddly enough, it was the phylloxera that really gave Rioja its commercial chance; especially the phylloxera followed by the mildew that hit Bordeaux in the late 1870s and early 1880s.

It is no coincidence that some of the oldest firms in Rioja, such as Riscal (1860), Murrieta (1870), Lopez de Heredia (1879) and CUNE, the Compania Vinicola del Norte de Espana (1879) were founded around this time.

As a result of these attacks, which reached Rioja later, Bordeaux, even then the biggest quality wine area in France, became desperately short of wine. In consequence very large amounts of wine were imported from Spain and elsewhere: pretty ordinary wine for the most part, but good enough for blending in the specially set-up "free port," in the Gironde estuary near Bordeaux. Moreover the phylloxera put many ciphers out of a job, and they emigrated across the Pyrenees to the nearest wine area, which was Rioja, less than 200 miles south of the Gironde.

All these developments gave some Spaniards the idea of improving their wines by planting French grapes. The Marques de Murrieta is credited

with bringing in the Cabernet-Sauvignon grape, and in 1880 the Marques de Riscal began planting his vineyards entirely in Cabernet-Sauvignon, and continued to do so until quite recent regulations permitted the use of only native grapes up to eight different varieties, now authorised for the red wine, and six for the historically less important white. The last Riscal vintage to contain the Bordeaux grape was the 1970, still with 22 per cent. There are those who suggest that Riscal's wines have never been so good since, though this may not be so. Nevertheless, as has been shown in certain Italian wine estates, the Cabernet-Sauvignon can contribute a certain special quality and style to wine. Yet even now many of the superior Rioja reserves bear a resemblance to claret, partly because they are matured in oak, and sometimes in French rather than American oak.

When the phylloxera hit Rioja at the end of the last century, the region suffered the same decline as elsewhere, and replanting was largely completed only about 1910. Following World War I came the slump, and the vineyard area appeared to have declined. Moreover in the fertile Ebro valley the wine has always had to compete with cereal production which was more profitable until the mid-1960s.

Then, however, the picture changed, and rather swiftly, for Rioja was deemed a district worthy of expansion in a world where wine consumption was predicted to increase vastly. There was, the experts declared, not going to be enough Rioja to meet the coming demand. So not only did replanting take place, but the

banks, wine concerns from elsewhere in Spain, notably in Jerez, and big foreign groups joined a rush to promote Rioja as a prime area for their diversification and investment. Not a dissimilar situation developed about the same time in the sherry areas of Oporto and Cognac, though in Rioja there was not the gross over-planting that took place in those regions. It was on the cellars, offices and the most modern equipment that the money was spent.

In fact world demand for Rioja did increase, more than doubling since the 1960s. Last year exports reached 27m litres, compared with an above-average production of 13m litres. The UK was the biggest customer, with 2.1m litres, but Switzerland, Denmark and the U.S. followed closely behind, with imports of over 2m litres apiece.

On performance Rioja can scarcely be faulted, and it is an excellent, moderately priced wine.

What went wrong was the excessive amount of investment, based on excessively optimistic forecasting. The bulldozers and the concrete mixers moved in, and the results can be seen today in many magnificent buildings and equipment. Some of the old houses remained independent, but others were bought up and transformed. Rumasa, the huge sherry and conglomerate group, bought Paternina and Franco-Espanola; Domecq and Segura combined to buy and rebuild Palacio. With the former living off in 1974 to start their own bodega, Pepsicola acquired Santiago, Shenly bought AGE, Bodegas Unidas, and our own IDV secured Lagunilla, Gonzalez Byass are there too.

An unfortunate aspect of all



Vineyard at Aldeia in the Rioja Alavesa

this development appears to be that none of the firms was properly aware of what the others were doing, and the result was and is considerable over-capacity. One bodega director suggested to me that in some cases no more than 30 per cent of production and maturing capacity is being utilised, but others put it nearer to 50 or 60 per cent. So while Rioja is selling well—though 10 per cent down in the widely difficult 1981 year—there is a shortage of cash-flow and a poor return on capital.

Accordingly, with interest rates at around 18-20 per cent, changes have been made in the production, with the aim of speeding up revenue return. This applies particularly to the white wines that account for about 10-15 per cent of total output. There is a good deal to be said for some modification of these wines, as traditionally they have often been kept too long in cask, and have become over-oaky, heavy and maderised. Riscal has never

produced a white Rioja, but has developed a wine in a vineyard 125 miles away at Rueda on the Duero (Douro).

Some of the big bodegas have gone to the other extreme and are making white wines with little or no time in wood, and bottled within a few months of the vintage. They claim that the public does not like oaky wines, but which public? The wines are certainly well made, clean and fresh, but to my mind they lack the individual character that a quality wine should have. The same is being done with certain of the reds, and one firm produces a sort of "Rioja-Nouveau" although without the stipulated time in wood. Although this time in oak, particularly in new oak, can be overdone, a certain oaky flavour is, in my view, part of the essential character of Rioja, while as with red wines, themselves, with their varying background, will be discussed in a further article.



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YOUR SAVINGS AND INVESTMENTS -2

Barry Riley looks at a newcomer to the financial community, the investor relations officer

Putting ethics before lunches

A NEW BREED of professional is emerging at the interface of companies and the investment community — the investor relations officer. This week the Investor Relations Society, which boasts membership by 70 of Britain's bigger public companies, published its leaflet of practice guidelines. So what is an investor relations officer, and what does he do?

Only a few of the very largest companies have as yet an investor relations specialist, including companies like Shell and BOC. But many company officials, such as finance directors, company secretaries and other senior executives are often called upon to communicate with shareholders, either formally or informally, and the idea of the guidelines is to define the framework in which they can operate.

The more cynical small shareholder may suspect that an investor relations officer is a man who takes big institutional shareholders out to lunch in expensive City restaurants, and leaks information about the company. In fact the Investor

Relations Society is keen to put the emphasis on high ethical standards.

Over the years the Stock Exchange has tightened its listing regulations, insisting that price-sensitive information must be properly disseminated and not disclosed to a privileged few. More recently the Government has introduced company law which actually imposes criminal penalties on those who indulge in so-called insider dealing. No wonder company officials are looking for guidance on just what they can and cannot do.

The aim of investor relations work is to "assist in the formation and maintenance of a well-informed market in the company's shares," according to the society's guidelines.

But this is only to help the financial community and members of the public to reach their own conclusions about the value of a company's shares. It is "unethical" for an officer engaged in investor relations to promote the purchase or sale of his own company's shares.

"There are no privileged

audiences in investor relations," the society goes on. "As a matter of principle, nothing should be told to anyone that could not be told to an investment analyst or a member of the press."

Yet the outsider will perceive that there are some tricky grey areas in all this. How is the investor relations officer to give a totally unbiased picture to those he contacts? He would scarcely be human if he did not put more emphasis on the favourable facts than the unfavourable aspects of his company's affairs.

Perhaps his listeners will be experienced and skilful enough to adjust for any bias. Yet the society admits there is another danger: that an insider may not always appreciate whether information is price-sensitive or not. Something quite important could be let slip inadvertently. "The risk can lie in over-familiarity with the company's affairs," warns the society.

Every now and then a share price moves substantially after a company chairman has

sampled the cuisine of one of the leading firms of City stockbrokers. The other week, a food manager with one of the big merchant banks was said to have slipped out in between courses to sell a line of a million shares, before the other lunch guests got back to their offices.

There is, however, usually more gossip than hard fact in such stories. For the small shareholder who is left out in the cold by all this, there is at least the comforting thought that the information distribution processes are nowadays very slick, and the Investor Relations Society gives clear guidelines on the means by which company statements must be made public in order to be fair to everybody.

Even in a distant office of a country broker the TOPIC screen will flash up the announcement almost instantaneously. But no investor, however near or far, will be in a position to react faster than the jobbers. Or, as the society's leaflet puts it: "Trading prices will be adjusted immediately everywhere."

Few people have a good word to say about the new plan for CGT: Tim Dickson reports

Battle ahead with the taxman

PROPOSALS to index the capital gains tax system will in years to come almost certainly be seen as the most radical feature of the 1982 Budget.

Paradoxically, however, it is hard at the moment to find anyone outside the Inland Revenue or Treasury with a good word to say about the new rules.

"Dog's dinner" is about the polite description of the way the relevant clauses in the current Finance Bill have been drafted and pressure has been mounting at Westminster and in the City for major changes to be made before the legislation reaches the Statute Book.

As things stand, the main complaints are that the detailed proposals are both administratively highly complex and inequitable.

The next major opportunity for parliamentary critics to air their views will come in the next couple of weeks when the capital gains tax section of the Bill is due to be discussed in committee.

While there seems likely to be a concerted backbench attempt to force the Government to remove the offending clauses this year, some influential voices are also suggesting that the whole thing has been so badly thought out it should be temporarily abandoned and reintroduced in the 1983 Finance Bill.

This is not to belittle the importance of the breakthrough which has been achieved. After years of increasingly rapid price rises, the Government in the Budget finally conceded that in future gains tax should only apply to "real" gains—in other words after knocking off the increase in money value which reflects inflation during the relevant period. Observers have pointed out that the introduction of an index-linked gift concentrated the authorities' minds.

The tax free exemption (previously £3,000) is to be raised to £5,000 per annum for 1982/83 and this limit will automatically

be raised in line with the Retail Prices Index (RPI) each year.

Other conditions, however, have ruffled with many people who initially applauded the change.

Most significantly perhaps the Inland Revenue has refused to give retrospective relief to gains realised on shares already held. Under the new rules, moreover, is not permitted in respect of the first 12 months after purchase. The proposals allow individuals to reduce their capital gains tax bills by the "indexation allowance," an amount calculated by applying the increase in the RPI from the date of March 1982 to the date of acquisition.

But applied to the original cost of assets already held at April 6, 1982, this allowance may be of little value.

The Bill also ends what is known as the "pooling" arrangement for shares. Hitherto, shares of the same class in the same company have not been regarded as separate assets but have been added together and treated as one holding. When shares were sold, their allocated cost was the average of all the shares in the pool. Under the new arrangements, however, a record of the date and price of assets acquired separately in the same company will have to be kept. When any shares are sold, the purchase price used in the computation for capital gains tax will be the one most recently paid. This last-in, first-out principle effectively minimises the indexation allowance.

Indexation as outlined in the Bill in itself cannot create or add to a "loss" (capital losses, of course, can be offset against gains before tax is worked out). By resurrecting a clause from the old short term gains legislation withdrawn in 1971, the present Finance Bill also effectively outlaws "bed and breakfasting," selling at the end of one day and buying back first thing next morning, to create either a gain or loss.

This was widely considered to be a useful tax planning tool and allowed investors to "protect" gains already made without actually parting with their shares. Such sales and repurchases will now have to be made in separate Stock Exchange accounts—a requirement which gives rise to the intriguing possibility of "week-end breaks." The idea is that of Mr Tony Richards, a partner in stockbrokers Quilter Goodson, who points out that investors could sell on a Friday evening at the end of an account and buy back the following Monday morning.

He also points out, however, that shareholders would have to pay the 2 per cent stamp duty twice and "two lots" of commission.

Reinstatement of bed and breakfasting is just one of the demands which have been made by lobby groups such as the Stock Exchange, Institute of Directors and individual stockbrokers and accountants.

Stock Exchange chairman Sir Nicholas Goodson, for example, has suggested that a base date of 6 April, 1981 should be established so that all holders would be treated equally regardless of when before this date they bought their shares. This would then be treated as the cost price for capital gains tax purposes. Sir Nicholas has also criticised the ending of pooling arrangements and the need in future separately to identify securities.

The Consultative Committee of Accountancy Bodies commented this week that "the decision to index capital gains is welcomed but it is inequitable to exclude the first 12 months of ownership and relief for periods before March 1982, and to ignore losses."

The Institute for Fiscal Studies, argues that "the proposed methods of establishing future inflation deductions of existing asset holdings will seriously distort portfolio allocations and the functioning of financial markets."

With so many heavyweight submissions opposing the present proposals, why has the Government apparently made such a mess? The Inland Revenue, it is known, has always been reluctant to concede the indexation principle and some suspect that the present mishmash is an attempt to make the system as difficult to operate as possible.

More seriously there are good financial and political reasons to ensure that some money is still raised by the tax. John Kay, Director of the IFS, however, estimates that even "pure" indexation would raise some revenue, and suggests that a "more simple and logical system" would be simply to subject real gains to income tax.

Kay also points out that in some ways the Government's refusal to index losses is understandable. Investors in gilt edged securities, for example, are sitting on huge potential real losses thanks to high interest rates and inflation and the consequently disastrous performance of fixed interest over the last 10 years. If realised, these could significantly reduce the Government's CGT take—currently about £750m a year. Furthermore, how that the indexing principle has been established, where does it stop? What price protection against real losses from building societies and bank deposit accounts?

There is certainly plenty for the politicians to ponder in the next few days. Speculation abounds that the pleadings have not fallen on deaf Treasury ears but the Inland Revenue is also a strong lobby.

Individual investors, meanwhile, could perhaps take their cue from a tax partner in one of the biggest accountancy firms who said this week, "I haven't studied the proposals in detail yet because I'm pretty sure they will be re-drafted. There's no point in slogging through a thick and turgid document twice." As they say elsewhere, watch this space.

And now, a second-hand tax bill

INVESTORS WHO have bought second-hand life bonds could be caught for a hefty tax bill.

This warning was given last week by Mark Weinberg, chief executive of Britain's largest-linked life company Hambro Life and is one reason why his company will not be making second-hand bonds available.

Sales of second-hand bonds are booming according to Mark Weinberg since the Government has failed to block this particular tax loophole in this year's Finance Bill. This boom is not surprising given the tax efficiency of a second-hand bond.

For readers not familiar with this subject, a recap will illustrate the problem of second-hand bonds.

If an investor buys a bond direct from a life company, he is subject to higher rate tax on the profit when he cashes in all or part of that bond. The life company is deemed to have paid basic rate tax on behalf of the investor in its tax bill.

But if an investor buys a life bond from an intermediary who holds a stock of such bonds already bought from a life company, then that bond is taxed as an asset and subject to Capital Gains Tax only, just the same as if the investor had bought a piece of antique furniture.

This is an apparent anomaly in current tax laws and it was expected that the loophole would be closed this year.

Instead, the Government made second-hand bonds even more attractive by the indexation of CGT (see the article above).

Indeed, the introduction of indexed CGT, and the use of interest-free loans from a life company, which by another quirk are also tax-free on second-hand bonds, investors in second-hand bonds are paying just basic rate tax on their investment (through the life company's taxation).

At least that is the opinion of the various tax counsels consulted by those life companies marketing second-hand bonds. But Hambro Life also sought tax counsels' opinion and this ran contrary to that given by other counsels. He felt that the Revenue could tax second-hand bonds under existing legislation and the bill could be a hefty one. Hambro Life does not intend to risk this happening to one of its policyholders.

However, Mark Weinberg's objections are not just for short-term commercial reasons. He is also concerned over the long-term effect such tax avoidance operation could have on the life assurance industry.

He feels that life companies already enjoy favourable tax concessions from the Revenue. A continual flaunting of these concessions and an exploitation of loopholes could well result in the Revenue seeking to end all tax concessions. The industry has already had one fright on

the possibility of losing life assurance premium relief.

Mark Weinberg is merely expressing publicly what most traditional companies have expressed privately. They feel that life companies ought to abide by the spirit of the tax concessions and not get involved in artificial tax avoidance schemes.

Not surprisingly the life companies marketing second-hand bonds, almost invariably non-members of the Life Offices Association, violently disagree with Mark Weinberg. They believe that because the Revenue took no action this year, it has no objections to second-hand bonds.

These companies have been busily reassuring intermediaries that the second-hand bond concept has been cleared by their tax counsels. These companies will continue to market second-hand bonds.

What is the investor and the intermediary to make of this controversy? The British Insurance Brokers Association has not commented formally but Michael Morris, its director general said the prime responsibility of insurance brokers was to their clients, not the Inland Revenue.

He argued that if second-hand bonds did not infringe the tax laws, and the majority opinion was that they did not, then the insurance broker ought to sell second-hand bonds as being in his clients' best



When the Pru and the Post get together

"TWO 15p stamps, one dog licence and £58 worth of travel insurance, please." That's the shape of things to come if a test marketing exercise being carried out by Prudential Assurance and the National Girobank this summer proves a success.

The Pru has got together with Giro to sell travel insurance over the counter at Post Offices. The scheme is being test-marketed in the Midlands area through 1,206 Post Offices plus a few selected offices offering bureau de change facilities.

The idea is that you just fill in the proposal form and hand it over with the fee to the counter clerk. A quick thump of the date stamp, the form is banded back and cover is immediate. You can now afford to be a bit more reckless on the ski slopes.

A quarter of a million leaflets have been printed. All Giro account holders in the test area will get one through the post in the hope that it will be stuck behind the clock and come to hand at the appropriate

moment. Giro does not know how many forms it will be posting, the computer cannot tell them, but no doubt they will be able to count up what's left to be distributed around the Post Offices afterwards. There they will be displayed on racks with all the other forms. There will also be point of sale advertising — posters.

The rationale for Giro is that travel insurance goes hand in hand with travellers' cheques. Last week Giro started selling Thomas Cook travellers' cheques through the same Post Offices in a similar test marketing exercise. Also, the Giro men say, they are keen to widen the services to their customers. The other banks offer similar products at their branches.

And, of course, Giro, like any other agent acting for the Pru will get a 15 per cent commission.

For the Pru the Post Office presents "just another point of sale." But what a point of sale. If it is successful, and presumably it does not require a high level of usage to be worthwhile to both sides, the Pru could eventually end up pushing its travel insurance through the whole network of Post Offices.

On the other hand how many people walking into a Post Office have travel insurance on their minds? That's one question that must remain unanswered till the end of the summer.

As with any insurance cover you have to read the exclusion clauses carefully. For example the Pru's policy gives the company a let out on medical expenses if the claim is for treatment being received "or awaited." So it's no good taking out the policy, whipping over to Switzerland for that expensive operation and then thinking the Pru will pick up the tab.

Inevitably, different insurance companies have different attitudes to cover. Some may quibble with the Pru's scheme but the Pru says that it is trying to give as wide a cover as possible. And indeed it has just given a substantial jump in medical cover for no extra premium.

Of course if you do have any queries with the policy it's no good asking the counter clerk at the Post Office. But then how many travel agents understand insurance? And that's the other main point of sale for travel insurance.

Terry Garrett

Welcome for Gower review

THE National Association of Security Dealers and Investment Managers — representing the licensed dealers — has been one of the first City bodies to respond to Professor Jiff Gower's controversial review of investor protection. Unlike the sabre rattling heard in other parts of the City from more illustrious bodies, the association openly welcomed the Gower findings.

The report, prepared by Professor Gower, was commissioned by the Department of Trade following the failure of a number of investment companies last year. His main plank for more effective regulation was the suggestion that the advantages of Government and self regulation should be combined to provide a unified system for the whole securities industry.

This would replace the present piecemeal arrangements whereby licensed dealers and unit trusts are closely, though not necessarily effectively, regulated by statute law, dealings on the Stock Exchange are closely regulated by non-governmental authorities; and a variety of others, such as commodity dealers, are not regulated at all from the point of view of investor protection.

An adjusted balance between governmental regulation and self-regulation is favoured by the licensed dealers. They said this week, through their association, that reform is urgently required and that the approach suggested by Professor Gower "represents a broadly satisfactory and acceptable system of self-regulation with a balance between statutory and self-regulation. This would appear to be the system which is simultaneously both the most likely to succeed and that offering the best prospects of protection for investors in the future."

They say that if the balance between the statutory and self-regulatory system is to be redrawn successfully, the Department of Trade will need to recognise and embrace the implications of its new role.

The Department says the association, has historically adopted a passive role towards its functions under The Prevention of Fraud (Investments) Act 1958. "Professor Gower's review suggests that the Department would in future have a considerable role to play in the establishment of the basic rules of the various self-regulatory agencies," adds the association. "The continuation of the Department's historical policy would ruin this new approach."

The association says that in the light of past experience, "it is vital that the detailed method of interface between the Department and the various self-regulatory agencies be spelled out. The potentially wide-ranging powers of the Department will need careful definition."

John Moore

Eric Short

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BOOKS

Tarka's keeper

BY RACHEL BILLINGTON

Henry: An appreciation of Henry Williamson
by Daniel Farson. Michael Joseph. £8.95. 246 pages

Henry Williamson wrote *Tarka, the Otter*. That is what his admirers will remember. He also supported Hitler at one time and Oswald Mosley in the war. That is what, according to Daniel Farson, his detractors cannot forget. This book is an energetic defence, a lively personal story of an extraordinary man who remained convinced of his genius throughout an extremely long life—even though he never again achieved the kind of fame *Tarka*, published in 1927, brought him.

He was clearly a difficult man. He made life difficult for his two long-suffering wives and the many other women who succumbed to what Denis Van Thal described as his "old-world blend of passion and romanticism." Sometimes he had many very good friends, including Daniel Farson's father, the American writer, Neley Farson, and Ken Allison who shared Williamson's joy in nature. At other times when he had entered into a state of rage with these friends, for some real or imagined slight, he was nearly solitary. He ended life in 1976, alone, having outlived many. To

the end he wrote industriously, completing two novel-sequences, *The Flax of Dream* and *A Chronicle of Ancient Sunlight*. Both are now almost totally unread and even at the time were only admired by a few, although certainly a distinguished few, including John Middleton-Murray and John Betjeman.

However, he never lost faith in himself. He was, in his own view—and those of us who admire his mature books, if not the sagas, will probably agree—a man of true creative spirit. He therefore did not expect to play by the normal rules of human behaviour. His own interest must, at all times, come first.

Luckily, as Daniel Farson, friend and admirer and, on occasions, victim, makes so vivid, he was also extraordinarily charming. Not that Mr Farson is blinded by affection. On the contrary, he tells almost with relish of the dreadful things that Henry Williamson did. Farson asks both his ex-wives the same question: "Was he a cruel man?" And seems surprised when in both cases he gets the answer "no." This despite memories such as his second wife's son recalls:

"I remember him beating up my mother, and bruising and screaming, and I would come along and I would attack him and as soon as I attacked

him he would start crying and say: 'What am I doing, that my son should have to stop me beating my wife?'"

But Mr Farson has a defence. A defence which explains both his everyday behaviour and his reaction to the war. (He likened the Hitler rallies to swarms of bees and noted "The feeling I had while among the masses of people listening to Adolf Hitler at Nuremberg was one of their happiness and goodness"). Mr Farson explains: in 1914 Williamson was a sensitive young soldier—though not as young, it must be admitted, as the 16 he claimed. By chance he was on the front line at the Christmas Day when Germans and British joined in prayers of peaceful celebration over the barbed wire. According to Mr Farson, this uplifting experience against a background of the horrors of trench warfare set an indelible print on his mind. Life could never rise to such an ideal again. Here was the human spirit at its most exalted. He could never again see the Germans as enemies. Mr Farson believes further that this ideal arrested his proper development into maturity, making him forever as naive yet as strong as the boy he was then.

It is a convincing theory. The brilliant blue eyes, the unbending energy and enthusiasm have



Outdoor man

the kind of blindness of a child. He never learnt to compromise. It explains, also, his affinity with animals, the extraordinary ability he had to write as if he were the playing animal, the hunted animal. In Devon, among the woods and rivers, he found a wildness and unthinking bravery that fitted in with his own views. They are not those of an ordinary adult human being.

Richard Williams, in an introduction to the hardback version of *Tarka*, describes how the death of Tarka in the film version of the story coincided with the death of his father. It is a moving and appropriate coincidence.

Crosland's complexities

BY MALCOLM RUTHERFORD

Tony Crosland
by Susan Crosland. Jonathan Cape. £10.95. 422 pages

This is a remarkable, possibly unique book: the biography of a politician written by someone who loved him, was clearly loved by him, and who is more than a passable journalist.

"Tony," she writes, "later claimed to be the only British politician with an American wife who was not an heiress." She was unimpressed enough to ask questions. Over dinner on the day of their first meeting, she said: "What exactly is *The Future of Socialism*? Is it one of those pamphlets?" Then again, when they were married and Crosland was Secretary of State for Education: "Could you be very kind and in three sentences tell me exactly what is a comprehensive (school)?" He told her in three sentences.

Forget about the history of Socialism, or even of recent Labour governments. This book isn't about that. It is about politics as seen from the inside by a wife who lived through it. Worries about money, about the children (in this case step-children), about the house are all there. So, too, is the acknowledgement that however much she loved

him and however clever he was, Crosland could be at times—in Susan's words—"bloody impossible."

The book is full of gossip, hardly more so than about Tony Benn, who had been a student of Crosland's at Oxford. Benn won a by-election, "whereupon he made a public announcement that he must lose the stigma of being an intellectual. 'You'd better acquire the stigma before working about losing it,' his former teacher said."

Benn developed the habit of calling himself "Jimmy" and would telephone the Crosland household under that name. "I wonder if that mad farmer," Crosland said after a lunatic call one day, "was really Jimmy. . . . Won't hear a word said against him. I'm devoted to Tony Benn. Nothing the matter with him except he's a bit cracked."

Mrs Crosland pulls few punches even when her late husband is the target. Here she is quoting him on education: "If it's the last thing I do, I'm going to destroy every grammar school in England." Here he is again talking to Roy Hattersley—Roy Hart, as they call him—on the telephone about the Labour leadership contest after the resignation of Harold Wilson: "Would you like to know why I'm not voting

for you?" Hattersley said. "No. F— off," said Crosland.

There is also a marvellous row with Kingsley Amis over who should handle Crosland's record-player. "Wedding present from Hugh Dalton," Crosland said. "Cost him a lot of money. One would rather let one deal with the gramophone." "Look, Crosland," said Amis, "they're my records." "It's one's gramophone." The party broke up.

Some of the vignettes are more serious. On the vote (under the Heath Government) to take Britain into the Common Market, Mrs Crosland notes that for her husband "Europe remained lower on his list of priorities than the education policies which only a Labour Government would undertake." Crosland abstained, and told Bill Rodgers—now of the SDP—that he was more interested in housing than in Europe. "Bill reacted furiously. 'No man of your intelligence could actually believe that,' he said, turning on his heel and striding off."

Yet when it came to the referendum Crosland campaigned in favour of staying in. "To withdraw now," he said, "would create in this country a mood of poor man's incoherent chauvinism, reviving old dreams of Empire and special relationships that have had such disastrous effects on British



Tony Crosland: Labour brain

policy-making since 1945." The book contains no real conclusion, except Crosland's untimely death. Yet a conclusion can, I think, be read between the lines. He came from a puritan background and, despite his subsequent promiscuity and sometimes wild behaviour, he never really left it. He had a sense of duty and of order. He was peculiarly English. "My personality is dual," he wrote during the war. "One wants a VC, the other a quite cultured life." He was put forward for the Military Cross but was turned down.

Fiction

East goes west

BY ADAM MARS-JONES

The Samurai
by Shusaku Endo, translated by Van C. Gessel. Peter Owen. £8.95. 272 pages

Brother of the More Famous Jack
by Barbara Trapido. Gollancz. £6.95. 213 pages

Psyche
by Amanda Hemingway. Faber and Faber. £7.95. 235 pages

Estella: Her Expectations
by Sue Roe. Harvester Press.

Ralph
by John Stonehouse. Jonathan Cape. £6.95. 319 pages

There are two entirely successful novels on offer this week. One is sombre, worthy and foreign; the other is exhilarating, witty and domestic. The choice can safely be left to your temperament.

The sombre import is Shusaku Endo's *The Samurai*, a painstaking work of historical reconstruction. In 1613 four low-ranking samurai were sent as ambassadors to Mexico, to create trading links with Spain. In exchange they offered proselytising rights for European missionaries in Japan. The samurai themselves had no choice in the matter, but hoped to gain favour by the success of their efforts.

In fact the "envoys" were casually sacrificed. From Mexico they went to Spain, and

eventually to Rome for an audience with the Pope. They were baptised, in hopes of gaining the trust of the Europeans. But the whole mission was a decoy, and when they returned to Japan they were disgraced and persecuted.

Mr Endo vividly conveys the painful emancipation of travel at a time when news moved no faster than the person carrying it. The rural samurai have their horizons brutally extended by their journey. The world is very wide, as they discover, but they can no longer believe in people. The novel requires a considerable leap of faith from the reader; but it commands respect for its solid construction and measured progress towards the final martyrdoms. The few intrusive mannerisms of the first pages, in which snowflakes melt "as if to underscore the brevity of life," give way to a narrative of austere power.

Barbara Trapido's *Brother of the More Famous Jack* cares nothing for power and stakes everything on verve. At great speed it tells the story of a young woman's involvement, over 15 years, with a clever and glamorous family. The Goldmans are impossibly bright, warm, beautiful, witty and consistent. My objections are on a much more trivial level: the title is oblique in a way that seems smug, not subtle; and the 1970s word "macho," meaning pretentiously masculine, looks odd in a speech supposedly of the 1960s. But these are minor matters. I hope the book comes out in paperback. I hope it is stocked by railway-station bookstalls. I hope railway-station bookstalls have to build extensions to house the necessary copies.

This week's three other offerings are all first novels. *Estella* by John Stonehouse, *Brother of the More Famous Jack*, but they have some catching up to do. Amanda Hemingway is not, as you might expect, a granddaughter of Ernest Hemingway, but a young writer with a nice line in Space Gothic. Her *Psyche* is set mainly on the unpopulated planet of Krake, in the



Barbara Trapido: speed and verve

Hiboric Chain. Infinity is just down the road, but life is placid in a bleak sort of way until the planet's mineral deposits become the target of cosmic conspiracy.

Amanda Hemingway's portrait of the girl Psyche's slow coming to life is more successful than the action sequences, which are sometimes a little vague. But the writing throughout is lively and fluent, often quietly witty.

There is wit, too, in Sue Roe's *Estella*. Her Expectations ("She had knees like a Jean Rhys heroine"), but it is largely swamped by cloying and narcissistic prose style: as repetitive as Gertrude Stein's and almost as narcotic. Sue Roe's word-board is eccentric (favourites being "taffeta," "stiletto," "substantiate" and "autonomy"), the resulting book not less so; hard to categorise but not thereby any easier to like.

John Stonehouse's *Ralph*, by contrast, is easy to pigeon-hole: an undistinguished Eurocorruption thriller. Any book which has "discrete" for "discreet," "incidentally" for "incidentally" and "pucked" for "puckered" is in some need of an editor, but no excellence in this department could make up for the absence of an author with something to say.

Memorable index

BY PETER QUENNELL

The Trouble of an Index: Byron's Letters and Journals, Volume 12, *Anthology and Index* edited by Leslie Marchand. John Murray. £15.00. 186 pages

Among London's finest literary monuments is No. 60, Albemarle Street. Behind that dignified front door—still flanked, some years ago, by the simple inscription "Mr Murray"—lies the broad 18th century staircase down which Byron and Walter Scott, both of them a little lame, were once seen stumping arm-in-arm. It leads past Thordalsten's bust of the poet—Byron himself complained that it looked nearly as good enough to the famous paragon where John Murray I used to read aloud the great man's letters.

Since those days Mr Murray's office has been dedicated to Byron's memory. The late Sir John, uncle of the present publisher, was at times a rather stern guardian. He upheld the family tradition that stories told about the illicit relationship between Byron and his half-sister Augusta Leigh were completely unfounded, and insisted that his correspondence needed careful expurgation.

Sir John's successor, to our

immense advantage, has demonstrated a more liberal point of view, and encouraged an American scholar, Doctor Leslie A. Marchand, to produce an 11-volume edition of Byron's Letters and Journals, that contains, unexpurgated and unabridged, every line Don Juan dashed off.

Now here is the *Index*, accompanied by Dr Marchand's *Anthology of Memorable Passages*, which should help to remind us, when we have re-read the Letters and digested their dramatic personal message, that Byron was not only an extraordinary—if often imperfect—poet, but also an astonishingly gifted prose writer.

John Ruskin, a very different luminary, was one of the first English critics to do Byron's prose style full justice. Byron, he observed, wrote "as easily as a hawk flies, and as clearly as a lake reflects." At least in prose, Byron was by no means a romantic rhetorician; he wrote exclusively "of what he had seen and known," and spoke without exaggeration, without mystery, without enmity, and without mercy. To say that Byron never displays comity is, of course, a strange mis-statement. Otherwise I can imagine no better tribute to the prosaic aspect of the poet's genius.

Sino-Japanese imbroglio

BY COLINA MACDOUGALL

When Tigers Fight: The Story of the Sino-Japanese War 1937-1945
by Dick Wilson. Hutchinson. £10.95. 289 pages

The Sino-Japanese war, said Lin Yutang, a leading Chinese novelist of the time, was "the most terrible, most inhuman, most brutal, the most devastating in all Asia's history." There were over 2m military casualties; an estimated total death toll of 10m; and the number of homeless reached about 40m.

The war lasted eight years, and, Dick Wilson says, it

furnished the same focus of passionate ideological rivalry between left and right in Asia that Spain provided for their western counterparts—with the added complication that Japan, for all its rightwing militarism, attracted many Asians who wanted to see white colonialism defeated.

Many participated at a lowly level who today rub shoulders in the corridors of power: two recent Japanese premiers; Lee Kuan Yew of Singapore (Dick Wilson says he was an interpreter for the Japanese); and hundreds of China's senior guerrilla bureaucrats. The war could have been expected to

shape attitudes around the Pacific for a generation.

But, curiously, the legacy of that time has all but vanished. In China, Japan's commercial imperialism prospered, exemplified by the gleaming Sanyo shop in Peking. The names Sanyo and Sony route not horror, but acquiescence.

In the flood of economic and cultural exchanges which Japan and China promote with one another, who remembers the rape of Nanking, the bombing of Shanghai, the bayonet practice with helpless prisoners, the half-dead boys soldiers left rotting in the fields?

Dick Wilson's book does not

spare us the horrors. As a chronicler of the war he mostly omits politics. Instead he gives us—sometimes all too literally—a blow-by-blow account of the campaigns.

There is no doubt of the importance of the war, which brought the Communists in China their victory and, in the end, militarists in Japan their demise. But one is moved not so much by interest or sympathy or excitement or curiosity, but rather amazement that such appalling events, involving so many millions of people, could vanish almost without trace into the depths of history.

Tuscan thoughts

BY DAVID PRYCE-JONES

The Divine Country: The British in Tuscany
by Oliver Hamilton. André Deutsch. £8.95. 190 pages.

Thousands of expatriate English, from celebrities down to anonymous hippies, are today doing their thing all over the Italian countryside. What they have in common is the notion that Italy is the place for happy endings. This is the perfect book for them, for it consists of essays about some of the amazingly diverse Englishmen who went to Italy and made good. Sweetness and light everywhere, with never a cross word.

Romance about Italy and the Italians began early. Somehow the English never were convinced that the historic city

states were really as depicted by Machiavelli or Guiccardini. The darkest intrigues took on the colours of high romance. Witness Shakespeare.

Milton, Hobbes, Thomas Nashe, Gibbon, Byron, hundreds of travellers and artists, went to see for themselves, until eventually the Grand Tour and Palladianism, zany, spaghetti, and much fact and fiction besides, had been built into the English poetical imagination.

Oliver Hamilton also likes romancing, and is good at it, finding one of her best subjects in Charles Edward Stuart, the Young Pretender, whose coat of arms to this day may be observed on a palazzo in the centre of Florence. The poor man, his daughter Charlotte, his second wife and her lover Count

Alfieri, experienced a melodrama all their own. Sprung on them was another famous character, the consul of the day, Sir Horace Mann, friend to everyone who was anyone, especially artists, for half the eighteenth century.

Tuscan picturesqueness was, of course the work of painters, and Oliver Hamilton selects examples: Thomas Patch, Zoffany, Robert Adam, Angelica Kauffman. Two figures are brought out of obscurity, the brothers Emilio and Ignazio Hugford, the former a monk who had a unique technique for scagliola, or the imitation marbling of stone-work. Ruskin probably did more than anyone to establish the Tuscan idyll of vines and olives and old monuments under the sun.

Eccentrics were never in short supply and Oliver Hamilton concentrates on a splendid example. Robert Langton Douglas, a huge man, historian, a "barbarian" of "Siena," artist, dealer and rogue—except that was often right, greatly to the annoyance of his enemy Bernard Berenson. Douglas lived in a castle and had three wives, and 18 children, eight of them illegitimate.

By way of proving the diversity of the English involvement with Tuscany, two concluding essays describe the London and Liverpool entrepreneurs who developed the marble quarries of Carrara; and the wartime adventures of General Sir Richard O'Connor escaping from Vincigliata, the kindly Florentine version of Colditz. Happy endings, happy endings.

Good gossip

BY GEOFFREY MOORE

Sextet: T. S. Eliot and Truman Capote and Others
by John Malcolm Brinnin. André Deutsch. £7.95. 276 pages

First, since this is such a sparkling little book, let's get the bad news over with. Despite the fact that T. S. Eliot's name is prominent on the book-jacket, there are only 25 pages on him; and they are buried at the end. Infuriatingly, there is no Index. There is no Contents List, either.

This said, let it be recorded that Brinnin's reminiscences are a delight in themselves, and of great interest to literary sociology. It would be fascinating to see the journal from which he has made this book. The first and longest section concerns the youthful Truman Capote: from slight before *Other Voices, Other Rooms* in 1943, to the early 1960s—that is, pre-*Cold Blood*. Capote is outrageous: ever in search of an audience, gay, pleasure-seeking, a born writer with an ignorance of literature. "Do you want to look like the last pressed flower in *The Yellow Book*?" asks Brinnin. "What's that?" says Capote. It is Capote who introduces Brinnin to Cartier-Bresson.

Once again the period is the late 1940s. The understanding was that Brinnin should write the text for Cartier-Bresson's pictures, but at the last moment the great man demands more (and more) money, and declines Brinnin's co-operation (with the aid of an agent). This is a moving story.

We move on for a brief visit to Elizabeth at Bowen's Court, beautifully, hitlchly observed; and then to "The Stilwells in Situ." Brinnin is received into the bosom of Sue who Must Be

Obedient. The result is that our Mole in New York or London produces some unforgetable vignettes. "Her Highness" (as a stage hand at the New York Poetry Center aptly describes her) writes that "The Queen has created me a Dame Commander of the British Empire—a fearful slap for the pipsqueaker."

The penultimate section of *Sextet* is about Alice B. Toklas. "You've cracked Alice, I hear," says Thornton Wilder, back in New York—and so he has, and Gertrude Stein too, for Brinnin published an excellent book on her some years later.

The chapter "Mr Eliot, I presume" is very readable, not so much because it contains new information but because Brinnin is making a voyage of discovery: taking us with him, in that child-like, yet highly sophisticated way of his.

Eliot walks about looking shamelessly for copies of Time with his face on the cover. He "allows" himself to be inveigled into two appearances at the Poetry Centre, reads "Prologue" so that "immediately the audience recognises the conjunction." There is an unforgettable meeting with Marianne Moore. At the end, Eliot is both in love, and dying from emphysema. He and Brinnin meet in the men's room of the Connaught Hotel, and are joined outside by Mrs Eliot. The great man puts his arm around her, while she gazes up at his face "with the mischievous petulance of a little girl about to tease her father." So ends it. It's all gossip, of course, but what gossip!

Perhaps it is a little pretentious to call it, as I did at the beginning, "literary sociology." It is biography with a difference; it begins in snippets, irradiated by Brinnin's own delightful, unobtrusive personality.

BOOKS OF THE MONTH

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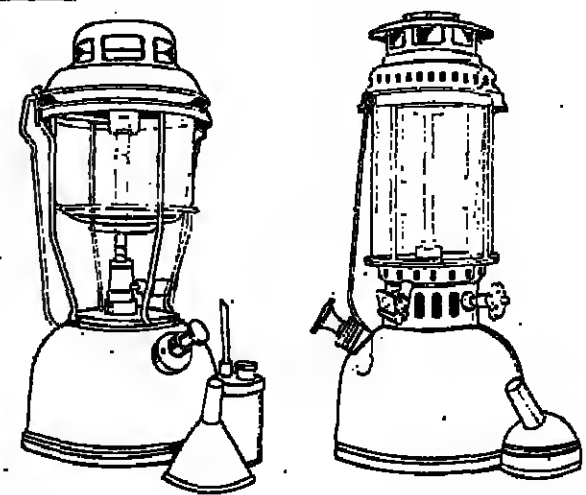
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June 5 1982
Financial Times Saturday June 5 1982
11
by Lucia van der Post
In the garden
In the workshop
Chop on wood
Roll and stow
Have sound, will travel

HOW TO SPEND IT

Seeing in the dark



Paul Desmond

In emergencies

ANYBODY who survived the three-day week, not to mention those winters of electricity strikes, will remember well how dependent we all became on immediate, emergency sources of light. We borrowed heavily then from the designs developed for campers, caravanners and the boating fraternity. Here are two classic emergency lights, both developed for the adventurous who like to travel without benefit of all mod cons.

On the left is the Tilley Stormlight, friend of campers, fishermen and farmers since 1919. A classic design, since somewhat refined by Tilley, it is now 14 ins tall by 6 ins across, has a red base and a black hood top, runs on paraffin. £27.50 from any of Black's two dozen branches around the country.

Right is another sturdy light. Made in China the lamp is 16 in tall by 6 in across, runs on paraffin and provides a powerful light, strong enough to read by. Very nice looking in chrome plate and with a good handle for carrying it by. £19.95 plus £2.50 p+p from Millets, well-known for supplying all campers' needs. It is also available from the Millets catalogue which is available from all Millets shops and branches of W. H. Smith.

In the garden

As more and more of us travel and see just what the continentals (with admittedly better climates) do with their gardens and how much more daily living goes on in them, so we British think more and more about how we could adapt the best of these ideas to our own gardens. Lighting is an obviously fertile area for exploration—even on the dingiest evening. Judicious lighting of plants, trees or herbaceous borders can make the verdant outdoors seem somehow part of the experience of these inside the house. On the rare really summery night, of course, when we can wander at will in gardens and beside pools, then lighting becomes an indispensable part of the scene.

Luckily for those who want proper permanent lighting, of the sort that is weather-resistant and can be turned off at the press of a light switch, there is now a good selection of sturdy lights available and a small selection is shown illustrated above.

For ordinary domestic purposes most people want their outdoor lighting to be exceedingly simple to install and so usually wire it up in the usual way with a plug on the end and then trail it through the window or door into the gar-

den. The important point here is to make sure that when you're running flexible cable through the garden it should be safely pinned against outside walls and fences so that it can't be accidentally chewed by a dog, tripped over by a human or dug into by a spade.

Then make sure to choose sturdy fittings that will resist water, heat and cold. Shown here are several that fit the bill. All are from Mr Light of 275 Fulham Road, London SW10, or 279 King's Road, London SW3, and any of them can be posted for an extra £1.75.

Bottom left of the drawing is a tough, circular-shaped light, ideal for putting on walls, near swimming pools, beside gardens or on a porch. The body is of cast aluminium with an epoxy-baked red finish (or black or white) while the thick, toughened glass has a sand-blasted finish and a rubber gasket to hold the glass in position.

There is a porcelain lamp-holder which is heat-resistant (important because in cheaper fittings the bulb can heat the lampholders which causes it eventually to crumble). £9.99.

At the right of the drawing is a heavy-duty bulkhead fitting of very sleek design. It has a cast aluminium body,

A FEW WEEKS ago I featured lighting of the decorative indoor sort—some of it was elegant, some jokey, but all of it was really meant for giving inside rooms a definite sense of style. Today I am featuring lights of a very different sort—these are lights for the garden, lights for the do-it-yourself brigade and lights for campers, caravanners, boating types who go to places that electricity doesn't reach and where the emergencies may be real.

Though the garden lights featured left are all sturdy and meant for more or less permanent installation don't forget that there are simpler and cheaper ways of lighting up garden, poolside or patio for a summer party. There are plenty of candle flares about that are just lit and then stuck into the ground—and very

pretty they look at night, too. Many shops sell them but in particular Practical Styling at Centre Point, 16-18, St Giles High Street, London, W1, sells two versions—a plain stick-cloth caked in wax, in red, blue or yellow, 27 in long, is 45p (p+p 50p). The same technique, that is stick-cloths caked in wax, can be used to produce pretty flower-shaped candles which come in yellow, orange, green or red, 2 ft long, for 65p. They can be posted for 50p extra.

For keeping away the insects of all sorts (particularly midges) Cucina of 8 Englands Lane, Hampstead, London NW3 sells lemon-coloured garden candles in small tin boxes which do the job admirably. The burning wax smells like citronella and a tin costs £3.95 (p+p £1.20).

For those looking for all the

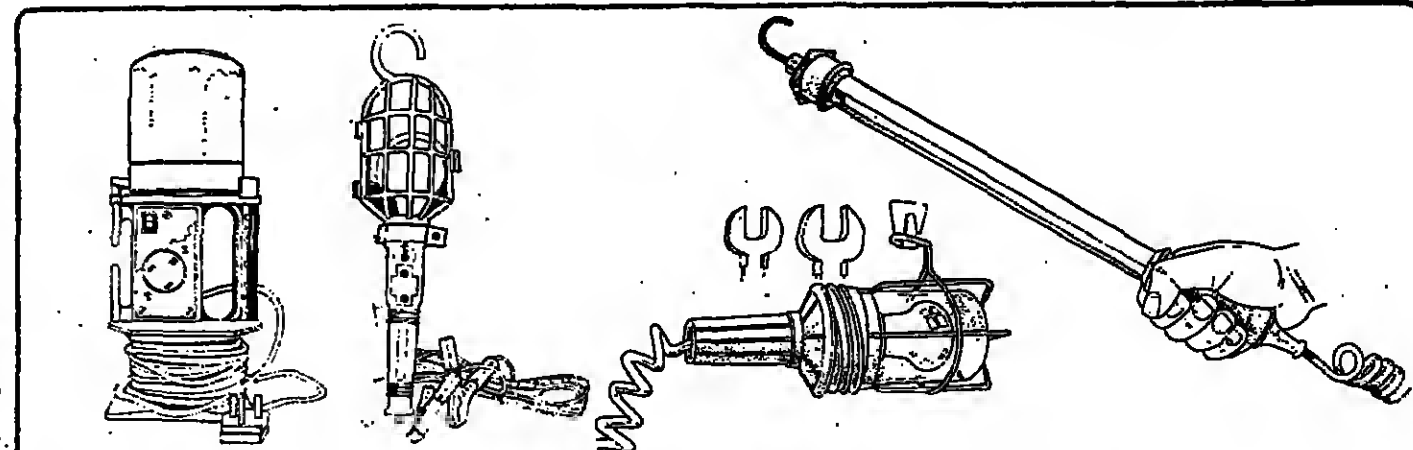
ancillaries of lighting—the sockets, the cables, the adaptors and the like Practical Styling also has a marvellous selection of these. The shop has, in particular, had the bright idea of taking all these basics and colouring them in sharp, funky shades (purple, yellow, red, pink, green, blue, silver and gold) that turn these once utilitarian objects into jokey focal points.

Single sockets are £2.45, double ones £3.55 and triple ones £7.95. The coloured curly cable comes in three different thicknesses—2 core cable (suitable for lighting) is £1.75 for 3-4 metres (the standard length), 3 core cable (for lighting or small electrical appliances) is £2.65, while 13 amp 3 core cable (for heavy duty things like electric fires) is £3.95. The cable can be posted for an extra 50p per 3-4 metres standard length.

In the workshop

Featured in the illustration on the right is a miscellaneous collection of lights all of which serve some very specific function.

Left, is the Brobusta SL from West Germany which comes complete with a 10 metre extension cable and a 13-amp plug. It has a powerful light not more than that, it is a power source as well. A 13-amp plug can be plugged into the side of the lamp thus enabling the user to run a drill, sander, lawn mower or what you will from it. The extension cable means it can be used from the house to light up all those dark and dingy areas that are often out of reach from ordinary light at night. It looks what it is—strictly utilitarian in translucent white and black plastic, 12 in



Drawings by Paul Desmond and Frank Wheeler

tall by 5 1/2 in wide, it is £15.95 (p+p £1.30) from all AA outlets.

Second from the left is another highly portable light from all AA outlets in the UK. Very light, made from bright yellow plastic casing, with black base and 15 feet of bright green lead, it comes

with a heavy duty 50 watt bulb. Its chief function is that because it comes with crocodile clips attached to the lead it can run off the battery of a car, lorry, boat or motorcycle, thus giving emergency light that is bright and effective. 13 1/2 ins long by 4 ins, it is very good value at £4.95 (p+p 65p).

Next comes this lamp from West Germany in bright yellow, white, black, silver yellow, white, black, silver tag is that you can move the light source easily by hand to light up specific areas or you could hang it from a shelf. £6.95 (p+p £1.50), from

Practical Styling, Centre Point, 16-18, St Giles High Street, London, W1. On the right is a very industrial looking light—a 20 in fluorescent tube which is also completely portable and can be just plugged in and then hung in any position. £10.95 (p+p £1.50), Practical Styling.

Chop on wood

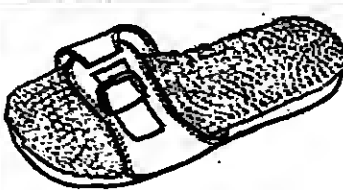
WOODSTOCK, as a company, is well-known to regular readers of this page. A smallish company, once to be found at Albion Yard, Baffie Street, it has now moved to Pakenham Street, Mount Pleasant, London W1 but its basic aims are still the same—to produce individually designed fine kitchens of solid wood. No chipboard or plastic mar the surface of Woodstock's kitchens—nothing but the best, the most solid maple, cherry or walnut is used.

Though the basic work is in supplying complete kitchens Alf Martensson, Woodstock's designer, has discovered a need for many single pieces of kitchen furniture and has been busy developing a range of them. Besides supplying solid wood work surfaces by the metre, he has designed and produces solid maple chopping blocks, in various sizes, kitchen work islands and now he has come up with his newest design

—the trolley, photographed left. To be precise, it is a butcher's block on wheels with a few ancillary extras. Besides the solid Canadian maple work top, it has a wire vegetable (or general storage) basket, a drawer, a rail and a slatted undershelf. It stands on four locking casters and could be very useful in either a small kitchen short on working surfaces or a large one requiring a flexible and movable working area.

The work surface measures 23 ins by 27 ins, and the height is 33 1/2 ins. It costs £195, is available only from Woodstock (tel 01-837 1818) and the company welcomes any reader who would like to go along and see it at work.

Delivery is charged extra at exactly what it costs Woodstock—this normally works out at about £10 in the London area and proportionately more, the further out of London they have to go.



I'm not entirely sure if these are a good idea myself but Good Ideas is convinced they are. If you're wondering what they are, they're massage sandals—tiny rubber fingers on the base of the sandals will "improve the blood circulation, correct the shape of the foot and stimulate every region of the body." £7.99 a pair.

hack trouble could probably benefit from using it in this way but it can also be used on a firm-based bed. Good Ideas suggests that it should normally be used with an under-blanket and sheet like a conventional mattress. Futons start at £45 for the single size and £70 for the double. Write to Good Ideas for further details and postage and packing prices.

Have sound, will travel

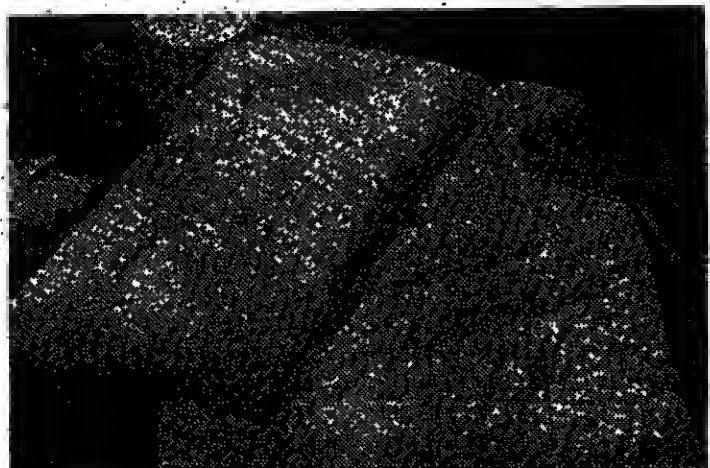
IT HAD to happen—after the miniaturised stereo set, now a common sight on airplanes, side-walks, parks and tubes, somebody had to come up with a miniaturised stereo set with a radio and cassette player attached. The code word for such sets is "personal" and photographed left is Sanyo's contribution to the world of "personal" entertainment—the M-G2. It measures just 4 1/2 ins by 4 1/2 ins by 1 1/2 ins and weighs 10 ounces. It can take metal

tape, is a stereo AM/FM radio and cassette player, has headphones for one or two people and is powered by two standard HP7 batteries or by Sanyo's rechargeable Cadneca cells. With strong shoulder strap, unit holder, battery case and headphones it is £89.95. Just one month old it is going into the shops now—and it at Alders of Croydon; Barkers of Kensington, London W8; Harrods of Knightsbridge, London SW1; the Army & Navy, London SW1 and all Sanyo stockists.

Roll and stow

THE Japanese seem to most of us Westerners to be past masters at the art of combining simplicity with sophistication. They manage, for instance, in their interiors, to create cool, uncluttered rooms that never look bare or basic but always have an air of the utmost elegance.

Most of us are so accustomed to our own more cluttered way of life that it is inconceivable that we could ever adapt to quite such a disciplined approach to living. However, for those who live in very small spaces or want to make the most of a very small room there are certain ideas from Japan that we can very usefully learn from.



Good Ideas is a small company at Moles Cottages, Exminster, Exeter, Devon, that markets a few Japanese designs. Probably of most interest to those of us with children who are at the stage of bringing home endless friends to doss down upon floors or for those who are cramped for living space is the Futon. Basically

the Futon is a bedroll and the ones sold by Good Ideas are hand-made in this country in the Japanese style.

The Futon is made entirely from natural materials, the filling and the casing are pure cotton, the tassels are silk. The Japanese use it to sleep on the floor, placing the Futon simply over woven mats. Those with



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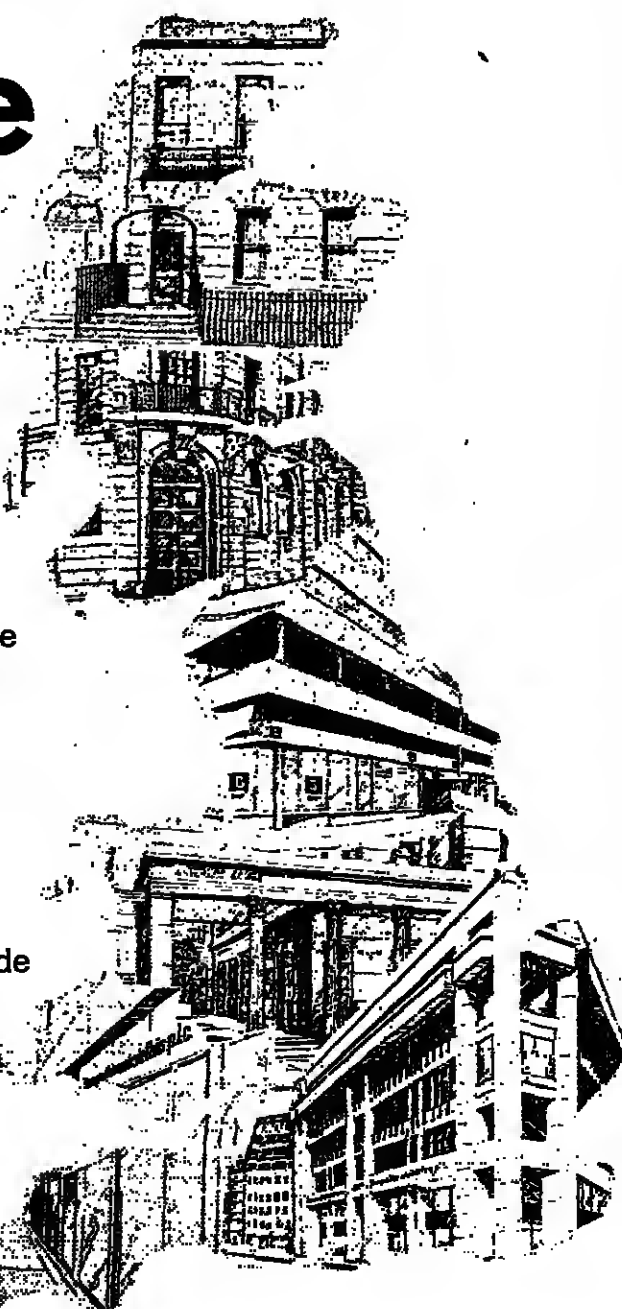
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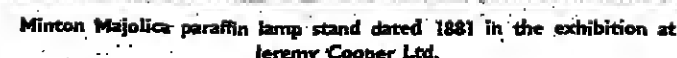
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BY JANET MARSH

"Majolica" revived the technique of thick and brilliant tin glaze, which was in vogue in the sixteenth century, to affect its historical traditions. "Majolica" as it passed from the Near East to Spain and the rest of Europe—by way of the island of Majorca; "Faenza" as it was established in Renaissance Italy; "Delft" as it

London in 1882 was the great
majolica fountain that stood
under the East Dome. Designed
by the recently deceased John
Thomas, it stood 36 feet high,
and the basin was 39 feet in
diameter. It was surmounted
by a larger-than-life figure of
St. George in glittering gold



During ceramics, many of the objects—vases and oriental-style garden seats—were intended for out-of-doors use; Minton's were proud of the durability of the new glazes. . . .

reflected in market values. All that is changed, as the prices at the Jeremy Cooper exhibition show: the more important pieces are priced in four-figure sums (though you can still buy

Since then Lon Graham (1975), winner over John Mahaffey in a play-off at Medinah Country Club on the

Because the course was not so fiendishly tricky up for the 1977 USPGA championship won by Lanny Wadkins in sudden death from Gene Littler, I have awarded the winner 200 points and top ten finishers 20 each. So Littler, Nicklaus (third), Charles Coody (fourth), Jerry Pate (fifth), Lou Graham, Al Geiberger, Don January and Tom Watson, who were among those tying for sixth, get 20 points apiece. The last 11 win-

* Now to current form. At the time of writing Ray Floyd, whose only major title victory was his runaway in the 1976 U.S. Masters, had just won the prestigious Memorial tournament with infinite patience on the Munford Village course in Dublin, Ohio, that is a sort of inland equivalent of Pebble Beach in the severity of its demands for accurate shot-making. So on the dangerous assumption that no one player will win both the Kemper Open

If I was trying to back the winner at Pebble Beach I would happily go along with that octet. But to make it a round dozen I would add U.S. Masters champion Craig Stadler, MIIER, second and third respectively in this year's Crosby-Pate and last but definitely not least Seve Ballesteros, the pride of Europe.

Have I blinded you with science, or merely deceived myself?

RACING

BY DOMINIC WIGAN

It was only three days ago that the title-chasing American jockey finally opted for Last Feather in preference to his 1,000 Guineas choice Slightly Dangerous.

Sent into the lead over a quarter of a mile from home by Pat Eddery, Zinzara, a bay daughter of Stage Door Johnny completely outclassed opposition headed by Dreaming Again.

EPSOM
1.45—Shicklah ***
2.15—Enthralment
3.00—Zinzara *
3.35—Redden **
4.05—Denmore

CYCLING: Tour of Britain Milk Race ends today.

England v Western, Dallas, Wednesday.
MOTOR RACING: U.S. Formula One Grand Prix, Detroit, tomorrow.
SAILING: Weymouth Olympic Week today to next Saturday.

VIDEO REVIEW

NIGEL ANDREWS

O'Neill's marathon four-hander (five if you count the pop-in and pop-in Irish maid

The movie version (Polygram Video, average price \$29.50 and rental) is in black-and-white, beautifully set down in a vast, neo-Gothic clapboard mansion and acted to the harrowing hilt by Hepburn, Richardson, Jason Robards (older brother Jamie) and Dean Stockwell (Edmund).

The three males in the movie are excellent: Robards wry and rasping, Richardson bold and blinkered, Stockwell the bardic black sheep with a taste for Baudelaire. But it's Katharine Hepburn who astonishes. She breaks O'Neill's lines into an emotional music that's all her own and yet all the character's. She flutes fond memories, she

(Jamie), Ronald Pickup (Edmund) and Constance Cummings (Mother) all key their performances low and intimate: as if spun out of some more sophisticated-than-usual soap opera. But the wild card is Olivier's father: it's at once the unbalancing and the yanking-into-greatness of this production.

[illegible]

An unusually fine pair of wrought iron entrance gates and on piers to either side a matched pair of 19th century stone eagles.
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VS. 5	15	Ch. Brane-Cantenac (Cantenac)	1971	121.00	110
VS. 6	25	Ch. La Sarda (Côtes de Bourg)	1971	60.15	52
VS. 7	25	Ch. Peyreux (St. Emilion)	1973	68.40	60
VS. 8	15	Ch. Pape-Clement (Pessac, Graves)	1973	87.75	77
VS. 9	25	Ch. Corbin-Michotte (St. Emilion)	1975	104.00	95
VS.10	25	Ch. Moulinet (Pomerol)	1975	91.00	87
VS.11	20	Ch. Bourdeau (Côtes de Blaye)	1975	41.40	35

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VS.23	25	Medtchenhof (Kessel)
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VS24	30	Spittessa, Rheingau Dehdesheimer Hofstadl
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Saturday June 5 1982

Why summits make sense

ECONOMIC SUMMITS are high theatre. Yet there is a well-founded suspicion that they hardly ever result in dramatic economic change. For a start the actors are playing primarily for the audience back at home—even Mrs Reagan is said to be using her present European trip to change her image. And suspicion is reinforced by bureaucratic convention: communiqués written in advance, pomp and circumstance against a stark background of unemployment. The risk is undeniably high that the seven-power summit which began yesterday at Versailles will evoke nothing but cynicism from a world that has seen it all before.

The problems that the summits confront are old, intractable, and growing steadily worse. The Organisation for Economic Co-operation and Development expects unemployment to reach nearly 30m in its 24 industrialised member countries this year. The recession, precipitated by the 1979 jump in oil prices, is now being prolonged by high U.S. interest rates which reflect the tension between lax fiscal policy and tight monetary policy in the U.S.

A dilemma
At last year's Ottawa summit President Reagan predicted that U.S. interest rates would fall. He has proved no exception to the rule that American presidents are dismal forecasters. This week U.S. prime rates stood at 16-18 per cent, while the rate of inflation in consumer prices in the 12 months to April was 6.6 per cent and the annualised rate for the latest three months was a mere 1.9 per cent.

There is scope here not just for cynicism but for summit re-creation, since Western European politicians consequently face an unattractive dilemma. Either, like the fiscally orthodox Chancellor Schmidt of West Germany, they can raise their own interest rates to prevent a capital outflow that would depress their exchange rate and fuel domestic inflation; or, like the fiscally unorthodox President Mitterrand of France, they can host the conference with a sinking franc providing disconcerting noises off.

The ever-increasing risk of a trade war gives rise to similar doubts about the uses of summit meetings. Most of the OECD countries' growth over the past year has come from exports. But foreign demand is now petering out, partly as a result of high interest rates which make it harder for countries to borrow to sustain growth. Seven leading industrial countries in search of export-led growth could all too readily find themselves at loggerheads, despite the urgent need for agreement on export credit subsidies and other measures of liberalisation.

It would be unwise to raise expectations for a very positive outcome from the Versailles meeting. But if the participants are seen as some future date to have administered salutary preventive medicine by less spectacular means, so much the better for us all.

Cynics
Summitry also imposes a discipline on bureaucrats and politicians. It pushes them into proposing initiatives, such as the new American proposal for international guidelines on foreign investment. Commitments at the Tokyo and Venice summits contributed towards loosening the link between oil consumption and economic growth.

What, then, of the dogs that didn't bark? At the time of the first economic summit at Rambouillet in 1975 a cynic might have argued that summitites were fiddling while the Western economic world burned. Yet the world has not seen the slide into protectionism which a pessimist might then have expected.

It would be unwise to raise expectations for a very positive outcome from the Versailles meeting. But if the participants are seen as some future date to have administered salutary preventive medicine by less spectacular means, so much the better for us all.

Assets
From Mr J. Hemingway
Sir—I refer to your report (May 26) that plans are afoot to sell British Airways' profitable subsidiary, International Aeradio (IAL), by limited tender to 30 multi-national companies. This method has been chosen in order to avoid the accusation of profiteering by speculators which accompanied the Amersham issue.

At least in the case of Amersham the pricing error was revealed by the subsequent price, but in the case of IAL it seems that the possibility of underpricing is to be relied on the expedient of avoiding a freely determined price on the Stock Exchange. In other words, if justice cannot be seen to be done, steps must be taken to ensure that it is not seen not to be done.

If there is to be a tender issue, why should it be a limited tender with the suspicion, however unfounded, that there could be informal collusion among the tenderers about

The fall of the house of Sebag

By Barry Riley, Financial Editor

JUST 10 years ago Joseph Sebag was one of the largest and richest of all the firms of stockbrokers in the City of London, probably ranking behind only Cazenove and Rowe and Pitman.

These two firms are still among the giants of the City, but Sebag has suffered a decade of remorseless decline that culminated in yesterday's announcement that it would cease trading at the close of business last night. Parts of the business will continue to operate under the umbrella of another big firm, Grieson Grant. But the once-proud Sebag name has been scrapped and the firm, which traced its history back 177 years, has closed.

The decline and fall of the house of Sebag is a fascinating tale of how a reputation can be lost, and of how loosely managed broking firms can encounter problems of leadership and organisation which they cannot handle—leaving them in the grip of an apparently irreversible downturn.

In a very real sense Sebag, which became Carr Sebag after a merger in 1979 with the medium-sized firm of W. I. Carr—is a belated victim of the collapse of Slater Walker and other secondary financial operators in the mid-1970s. For although Sebag survived the banking and property crash of 1974 and 1975, its goodwill among the investment community had suffered serious damage.

At the beginning of the 1970s Joseph Sebag was making the most of its profitable connections with secondary financial concerns. The best known of these was Slater Walker. On one estimate, Sebag at one time derived a quarter of its equity business from dealings involving the shares of Slater Walker and its numerous associates.

But even then, there were signs of unease within the firm.

An apparently irreversible downturn
In 1971 a relatively young partner, Mr Robin Muir, was appointed to the senior partner's position with the objective of redirecting the firm on to a more healthy course. Unfortunately, Mr Muir died prematurely in 1972. The mantle of leadership passed to Mr David Eastham.

Most observers now argue that Mr Eastham was the wrong man for the job. Despite his considerable talents on the corporate finance side of the firm, he was not successful in pulling together all the resources within Sebag and reshaping the firm to fit the changed circumstances of the second half of the 1970s.

Stockbroking is not a single business, but consists of a series of specialisations. Private client business is usually handled separately from institutional business—and equities are traded separately from gilts. Some brokers (and Sebag has



The Little Trinity Lane office yesterday, the firm's last day of trading

always been a notable example) have had an important corporate finance side—they represent companies, and take part in the organisation of new issues. Other specialisations include overseas equities and fund management.

Serious conflicts of interest can develop between different sides of a big stockbroking firm. For instance, the corporate finance partners may wish to promote a share issue which is not liked by the institutional equity salesmen (who will usually be working closely with a research team). It can be a delicate balancing act to reconcile the interests of corporate and investment clients.

Mr Eastham took over at an awkward moment. The stock market boom was peaking out. The glamour was going out of the secondary financial sector. New issues, like that of Slater Walker's notorious Dual or "Dustin" trust which included the shares of many Slater associates, began to flop. The clients who had been so pleased to pile into Sebag's host of speculative financial situations began to complain that they had been "stuffed" with overpriced stock.

By the time the stock market had entered the downward spiral of 1974, and secondary financial companies were crashing all around, Sebag's reputation was suffering. A remarkably vicious whispering campaign began in the City; day after day it was rumoured that the reason for the slide in the market was that a major firm of brokers was in financial trouble—and everybody knew that the firm in question was Sebag.

So persistent were the stories that one day in the summer of 1974 Mr Sandy Gilmour, a leading corporate finance partner at Sebag, invited me, as a representative of the Financial Times, to look at the books.

To an outsider a stockbroking firm's ledgers mean little. But certainly Sebag appeared to have healthy cash balances,

and indeed its solvency was not in question (though later it transpired that the partners endured some anxious months over the safety of large deposits with the Slater Walker bank, before it was eventually rescued by the Bank of England).

With the stock market's recovery in 1975, and a subsequent boom in rights issues, the firm entered a somewhat healthier phase, but its underlying problems had not been properly tackled. Internal disputes rose to the surface again in 1979, when the firm's profits came under pressure, and Mr Eastham resigned a little before

A remarkably vicious whispering campaign began in the City ... everybody knew the victim

fore the normal retirement age of 65. The firm's partners then decided upon drastic action to pull Sebag out of the downward slide. In September 1979 Sebag merged with another, untroubled firm of brokers, W. I. Carr, which had done well overseas—notably in Hong Kong—but had difficulty in maintaining profitability in its London business.

But the lack of co-ordination was symbolised by the decision that the merged firm—called Carr Sebag—would have no fewer than three joint senior partners. Two came from Sebag—Mr Gilmour and Mr Michael Boyd-Carpenter, a gilt-edged expert. The third (though in no particular order of seniority) was Carr's Mr Roddy Macleod. The concept underlying the merger was that Carr's overseas side and private client business would mesh neatly with Sebag's strengths in corporate finance and gilt-edged

"The two firms are so complementary that it is quite extraordinary," said Mr Gilmour at the time.

In fact, almost from the very beginning the merger ran into serious problems. It was soon discovered that Sebag's arbitrage operations in South African gold shares had made far bigger losses than anybody had suspected. The former Sebag partners were required to put up extra capital in order to compensate the former Carr partners.

The merger of the private client businesses of the two

WICO. Outside sources of financial support would have been sought.

But in the end the partners were persuaded that they would be unable to push such a scheme through the opposition which would have been encountered on the Council of the London Stock Exchange. Ironically, the Stock Exchange announced only this week that it had relaxed the rules on outside participation in the capital structure of member firms.

Facing a steady slide into insolvency in their London business, the Carr Sebag partners finally decided that they would have to sell WICO. The buyer they found was the money broking group Exco International, which has paid some £3m.

This takes the story up to last February, when the firm announced the deal, and mapped out the future consequences. The £3m, it was claimed, would be added to the firm or so capital remaining in the rest of the business. A new Carr Sebag partnership would be set up, and would be one of the best capitalised firms in the London market. The management problems had been sorted out, staff numbers were being trimmed, and the firm was well set for a return to profitability—with profits forecast to be not far short of firm in the 1982-83 financial year, on conservative assumptions.

A statement issued by the firm boasted that after the reconstruction it would be "as competitive, profitable and efficient as a brokerage house could rightly wish to be in the 1980s". But behind this brave talk, designed to be the confidence of clients in the future of the firm, lay a sadder reality. The partners still had a substantial amount of capital invested in the business. They had to decide whether to salvage whatever capital they could or leave it at risk in a stockbroking firm which had largely lost its reputation. Should they sell their best asset, WICO, simply in

order to prop up the ailing London operations?

In the event, the decision has been taken to wind the business up. Grieson Grant is to buy the corporate finance and private client sides for something less than £1m, taking on only about 70 of Carr Sebag's more than 200 personnel. Carr Sebag itself is no longer trading, and outside accountants are now moving in to sort out the mess and count up what may be left for the partners.

The demise of Carr Sebag comes about a year after the hammering of another sizeable firm of stockbrokers, Hedderwick Stirling Grumbar. Both events point up the vital importance of an effective management function if stock market firms are to develop and prosper over a sustained period.

Such firms are normally partnerships, though they are sometimes set up in corporate form. Nowadays partnerships may be very large—sometimes running to 40 or more—and there can be acute difficulties in persuading such a group of talented, articulate and usually wealthy individuals to pull together in some kind of union.

Unlike a company, which can hire new management from outside if necessary, a partnership is for most intents and purposes a closed structure which must continuously renew itself at the top by attracting new young partners.

If there is no management talent within the firm, it will be hard to attract executives from outside at a senior level because an executive who is not a partner can carry little authority. And good people are unlikely to wish to risk their capital by becoming partners in a firm which is in trouble. So a large partnership carries with it a real risk that beyond a certain point a decline in its fortunes

A reminder of the risks that are run

may prove impossible to reverse.

The sad experiences of Carr Sebag will remind other stock market partnerships of the risks they run. And it is unlikely that any firm will try to set itself up with a triumvirate of senior partners in the future, a firm that cannot decide on a single senior partner is likely to be no more successful at coming to a range of other management decisions.

Traditionally, stockbrokers have prospered on the basis of salesmanship and entrepreneurial flair. Such talents made Sebag's partners very rich in the 1960s and early 1970s. But today the Stock Exchange needs to adapt to a quite different environment where before long could bring negotiated commissions, and a widespread pattern of shareholding links with outside institutions. The internal management structure of stock market firms will have to change accordingly.

Letters to the Editor

Accounting

From Mr R. Ashworth
Sir—Lex's views (May 27) on the merits of current cost accounting are like CCA, confused, confusing, and highly subjective.

It is curious and disarming to find a sector of the accounting profession—the real "flat earthers"—advocating a return to the highly unsatisfactory situation that existed before any SSAPs were issued. The demand then was for "accounting standards" as an escape from subjectivity, and with the exception of SSAP 16, all the other SSAPs (e and oe) aim to establish objective bases for the preparation of published accounts.

It must be right and to say "subjectivity is preferable to false objectivity" is utter nonsense: subjectivity is false objectivity, and this is what CCA promotes.

Many who are opposed to SSAP 16 dislike it, I suspect, not because they wish to stop the flat-earthers fantasising as to the number of white elephants propping up their accounts, but because in so doing they seem to wish to deprive the rest of us of the objective data—which is almost certainly susceptible to different interpretations.

The right course must be to ensure full disclosure of the historical cost accounts, together with sufficient analysis and detail to enable CCA accounts to be prepared. This should not of course preclude directors from submitting their accounts—as an appendix.

R. F. Ashworth.
53, Half Moon Lane,
Dulwich, SE24.

Traffic
From the Chairman,
London Region Roads and
Transportation Committee,
Confederation of British
Industry

Sir—Sir Peter Masefield (May 25) illustrates clearly London Transport's almost impossible task of providing an efficient

bus service in the face of the capital's ever increasing traffic congestion.

In our evidence to the House of Commons transport committee last year, we noted that a 3.1 miles per hour increase in average daytime off-peak traffic speed in greater London would produce resource cost savings of some £375m per annum. Some modest road improvements would be required but by far the greatest part of this saving could be achieved by strict enforcement of existing traffic management regulations.

We suggested that draconian measures should be taken against illegal parking and have more recently supported the experimental "clear lanes" in our belief that the public would recognise such measures as a reasonable price to pay for an efficient over-ground public transport system and faster traffic flow.

T. A. Donnelly,
Centre Point,
103, New Oxford Street, W1.

Assets
From Mr J. Hemingway
Sir—I refer to your report (May 26) that plans are afoot to sell British Airways' profitable subsidiary, International Aeradio (IAL), by limited tender to 30 multi-national companies. This method has been chosen in order to avoid the accusation of profiteering by speculators which accompanied the Amersham issue.

At least in the case of Amersham the pricing error was revealed by the subsequent price, but in the case of IAL it seems that the possibility of underpricing is to be relied on the expedient of avoiding a freely determined price on the Stock Exchange. In other words, if justice cannot be seen to be done, steps must be taken to ensure that it is not seen not to be done.

the price at which they can pick up public assets? The tender should be open to all, so that private individuals, whether we regard them as speculators or contributors to pension and life funds, should have an opportunity to retain an interest in what now belongs to them qua tax-payers. Only in this way will a fair and open price be established for public assets.

J. Hemingway,
34, Beaumont Avenue,
Richmond, Surrey.

Default

From the Chief Economist,
Export Development
Corporation

Sir—Mr David Lascelles (London, May 14) wonders "Who could have predicted only two months ago that Argentina would so suddenly be propelled to the brink of default?" Any junior country analyst having looked at Argentina, noted the drastic devaluation from 2,000 pesos per dollar to more than 12,000 pesos per dollar, the increase in inflation, the doubling of the budget deficit and the turnover of five Presidents and three Economic Ministers in 1981, would have safely predicted two months or even six months ago that Argentina was on the brink of default.

F. P. Jeanjean,
110, O'Connor Street,
Ottawa, Canada.

Cheques

From Mr P. Frazer

Sir—Mr Whalley (May 27) is puzzled by the reports that it costs the Co-operative Bank much less than the major clearing banks to clear a cheque. (Figures of 20p a cheque for the Co-operative Bank against 40-50p for the other banks have been widely quoted.)

His suggestion, that falling clearing volumes are leading to higher unit costs for the major clearers, is on the wrong track. Clearing volumes have

been rising steadily despite the recession.

The actual explanation is much more prosaic. The figure of 40-50p relates to the total processing costs from the time the cheque is paid in at one bank to the time it is debited to the payer's account—more often than not at another bank. In other words, it covers the costs of both banks involved. The figure of 20p quoted for the Co-operative Bank appears to relate solely to its own part of the transaction.

What is true is that the Co-operative Bank has a great deal of under-utilised capacity in its clearing centre, which may help to explain its willingness to handle Abbey National cheques.

Patrick Frazer,
Banking Information Service,
10 Lombard Street, EC3.

Drugs

From Mr R. Godfrey

Sir—Mr Warburton's letter (May 27) on possible savings to the NHS through the prescribing of generic rather than branded pharmaceuticals, is shortsighted in two significant respects: one ethical, one commercial.

He assumes, erroneously as many in the medical profession have unfortunately discovered, that a generic product is the therapeutic equivalent of its branded counterpart. Too often it is not and the research "tinkering" that he refers to has resulted, over the years, in material (if unheralded) advances in many basic compounds.

The medical profession is already free, if it so chooses, to prescribe generic medicines. That in very large measure it does not do so, is an indication of that profession's opinion of Mr Warburton's point of view. There is still something to be said for knowing what you are buying and, if need be, having recourse to an established manufacturer who has a reputation to keep.

The substantial net contribution that the British pharma-

ceutical industry makes to this country's balance of payments is overlooked. The UK represents an exceedingly small part of the world's pharmaceutical market and yet the prices that obtain here are frequently (and increasingly) used by overseas health authorities as the determining factor in establishing export price levels. For every pound saved by the NHS in the downward movement of pharmaceutical prices here, untold pounds are eventually lost in export earnings.

Our pharmaceutical industry already faces considerable orthodox (and some very unorthodox) competition around the world and can well do without no doubt well intentioned but totally misguided sniping.

R. J. Godfrey,
12 Sydney Street, SW3.

Maintenance

From Mr J. Eadie

Sir—On May 24 you reported the views of a pressure group seeking to abolish the payment of maintenance to divorced wives and to substitute a single financial settlement.

While children are still at school this may not be feasible: their mother is likely to be virtually unemployable by reason of the length and number of school holidays and the addition of days or weeks off if a child falls ill. When that phase of the family life is over, however, a final settlement would presumably seek to place the wife in a similar financial position to that of her single sister who has at all times worked outside the home. The wife (now probably in her 40s or 50s) will need to be given a modest-sized home, fully paid for and, if she is able to find a job, she must also be given an income which will bring her pay up to the level of income earned by the single woman whose experience has earned her promotion to a senior position after 20 or 30 years of work. This means a realistic slice of capital must be invested for the divorced wife's benefit, as an alternative to maintenance payments.

The logical outcome appears to be a matriarchal system of holding property and capital. Under such a system the husband would simply hang up his bat in whatever home his second wife already had (whether she was previously single, widowed or divorced).

The system might be thought to lessen the dignity and status of men, although it could also ensure some inheritance passing to the children of the marriage through their mother.

In view of the high rate of divorce and the financial distress of many one-parent families, it could be an improvement to change to a matriarchal society, starting with special education for girls in property and finance and ensuring, if possible, that all women hold capital and sole-name bank accounts and have the numeracy and economic sense to make good use of them.

J. Eadie,
35, Stilehall Gardens, W4.

Railways

From Mr A. Scott

Sir—I think the rail unions are dependent upon politicians for funding and many of those want either a less costly, efficient railway or, failing that, a slimmed-down system. It is not much use striking against those with the funds if they are not too concerned either way. From their point of view, it is better for the railway to contract by self-inflicted injury and lack of funds rather than get blamed for contracting it by decree.

As usual, those who use the railway will get all the aggravation. They would like more investment, but it does not help if when it comes the unions will not allow it to be used to its best advantage.

I do think that a smaller more efficient workforce should be better paid. Electrification of the east coast main line is not a contentious issue and should proceed.

A. H. Scott,
102, Beeches Road,
Chelmsford, Essex.

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Britain now has more home video shops than bookshops. Arthur Sandles looks behind the revolution

The explosive growth of video rentals

STAR WARS, financially the biggest thing the big screen has ever seen, will be released on video cassette and disc next month. If the video business needed any confirmation of coming of age then this is it.

The release, of an initial 20,000 copies, will probably help the home video cassette market to edge its way past cinema in terms of public entertainment spending by the end of the year. By then there may be approaching 5m video cassette recorders and disc players in use in the UK and well over 10,000 retail and rental shops eager to provide films for their users to see.

The video revolution has taken longer to arrive than many pundits of the 1970s suggested, but its impact on the home entertainment market has, once begun, been more rapid than had been expected. Only 18 months ago the cassette market was tiny, fragmented and heavily dominated by pornographic material.

So enthusiastic has the British market been in its rush to home video that observing Americans have been surprised. "Ida masses turn to TV, ticket sales lonely," says that bible of show biz, *Variety*. "Excitement in self-destruct" it screams about the plight of UK cinemas. "UK takes to home video like a duck to water."

It is certainly true that as the cinema emerged from its worst recent year, video shops have been opening at an explosive rate. A top film can be rented for £1.22 a night while a cinema charges £2-plus for one seat.

It is becoming normal now for films to be released simultaneously in both cinema and cassette form—*Chariots of Fire* is an example of one that has done spectacularly well in both forms. At the moment *Chariots* is riding high in the cassette top 20 rental lists, which means there are certainly 10,000 legal

copies around and probably far more than we did not know about.

In the charts of Video Business, the industry's paper, *Chariots* is followed in popularity by *Waterbury*, *Dawn*, *Lord of the Rings*, *Private Benjamin*, *Mad Max*, *Time Bandits*, *Friday the 13th*, *Clash of the Titans*, *Any Which Way You Can* and *Every Which Way But Loose*—in other words, no pornography and only one violent film by today's somewhat liberal standards.

But only recently has any real pattern of the way in which the market is going begun to emerge.

Video shops opening at an explosive rate

Video may be bigger than it was, but it is still the domain of the small trader and the entrepreneur. Firm figures are hard to come by. Outside the major television rental chains there are few video retailers with more than two or three shops.

There are at least 200 video distribution companies, with the film groups like Thorn-EMI and Twentieth Century Fox along with giants like the John Bendoric-EMI and the John Bendoric-EMI. And video wholesalers have sprouted throughout the country, indulging in their own private war.

Thorn-EMI, ideally placed to exploit the market with both film stock and retail outlets to hand, was among the first to leap into the fray, but even it admits that "it has been a learning process. There was so

much we did not know about consumer demand."

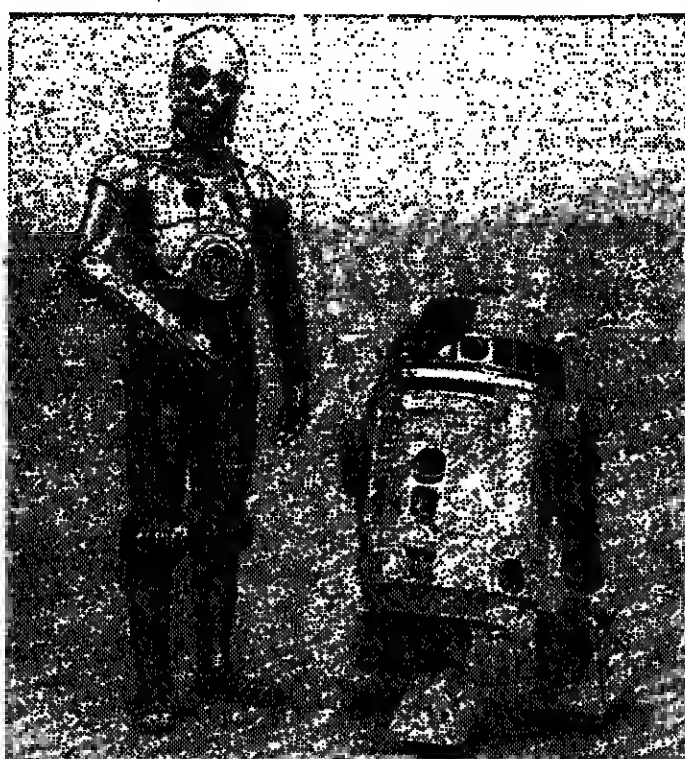
Some of the smaller people who jumped into the battle early, particularly at the retail end of the market have hit problems. Cynics in the trade say that video retail outlets, which now outnumber bookshops, are closing at much the same rate as new ones are opening. The cost of keeping in the business is high and the competition fierce. "Many of them find they cannot get the return," says Alan Kaupke, a youthful ex-EMI record man who is now almost an industry veteran after a lengthy spell with Fox and now with an aggressive new production and distribution organisation, *Blay*.

Potential retailers can expect a cool reception from bank managers these days as the stakes rise and the competition gets more sophisticated. A reasonable retail outlet will cost £2,500 to £5,000 a year to rent and refurbishment will add, say, £2,000 to that. A good comprehensive stock of tapes is unlikely to cost less than £15,000, although a modest start might be achieved with £9,000. It is no game for the impoverished.

Ex-financial analyst, publisher and more recently tour company owner, Roger Coghill is plunging some of the proceeds of the sale of his Montem camp company into video retailing and distribution. By the year end his Atlantis operation will have five outlets—big by present video standards. Coghill, who is willing to invest heavily in decor and stock, is the sort of operator who is putting pressure on both the original corner shop entrants and the television rental chains.

"You can get into business more cheaply if you buy pirated tapes," says Coghill, but customers get tired of bad quality and turn elsewhere.

With rental now 90 per cent



Still a major force: big screen money-spinners *C3PO* (left) and *R2D2* in *Star Wars* now look set to conquer the small screen when the film is released on video

of the market leaving relatively little for the straight sales business. The loyalty of customers is crucial. Coghill, who rears for £1.50 for three days, says he has been astonished by the rate of viewing by many customers. "I never expected such an uptake," he says.

The average Atlantis club member is taking 3.5 feature films a week. "We did not realise that in any family there are different markets. Mum will want *Endless Love* (the current Zeffirelli tear-jerker), Dad wants a tough adventure film (there are two Clint Eastwood films in the top 10) and the children are looking for

If pornography is on the wane, violence is very much on the upswing. Wholesaler Global talks ominously of the more brutally violent films selling particularly well to retailers in depressed areas, such as Brixton and London's East End. It was the East End which saw the video boom really take off in the first place, fed to a large extent on pornography. Violence and pirated feature material.

Coghill warns against an over-emphasis on violence, however. "You must remember that much of this material cannot be seen elsewhere. It is not in the cinema and never on television." Thus all the sales are concentrated on video.

The growth of this sector of the market, films which are often run off in the video factories of Holland and Hamburg, has alarmed the industry sufficiently for it to impose a ratings scheme. With an increasing number of police raids taking place on video outlets retailers will be warned by a double or triple X-rating that they are stocking material which invites the attention of the authorities.

Some distributors even put out two versions of films which might cause trouble, one more explicit than the other, and allow retailers to choose. Video magazines are now putting their porno and violence sections to pull-out form so that they can be kept away from the children. At least nine video publications are sufficiently in demand to be granted space on some W. H. Smith shelves.

The other major worry for the trade has been piracy. An April judgment which forced a pirate into £750,000 damages has been greeted with applause in the industry. It had been selling stolen versions of *Superman*, *Chariots*, 10, and *Kentucky Fried Movie*, among others.

Piracy is extremely difficult to control and detect, although the British Video Association now has its own policing system as do many of the individual companies. Probably the most determined is Warner Home Video, which puts a special mark on its products detectable only under infra-red light. Retailers watch to oerous alarm while the Warner salesman sweeps their stock with his little lamp searching for the pirated films. Few other companies go to such lengths.

It is an indication of the early stages in which the industry finds itself that there has been a great deal of to-ing and fro-ing between retailers, distributors and wholesalers over trade relationships. Distributors have

tried various ways of keeping control over their product once it has left their shelves but most, with notable exceptions such as *Intervention*, have given up the task.

The usual practice these days is for the distributor to make an outright sale of a tape to the retailer, usually around £30 for a feature film but sometimes as high as £44, and for this fee to include a "surcharge" to cover royalty payments for artists, musicians and producers who may still have a financial stake in the production. The retailer is then free to rent the film as he pleases.

Distributors are a confusing mix of film companies and entrepreneurial spirits. They own

the film out on a brief three-month lease basis for which the retailer will pay £30. Six months is a more normal limit. The film will be on outright sale in time for the Christmas market.

In order to maximise returns on these levels of investment retailers usually turn to the formation of clubs in order to get some form of assurance of consumer loyalty. Club membership seems to be based on a need on the part of the retailer to confirm credit worthiness (the tape, after all, is valuable) rather than to provide the cash. Initial high club membership levels, perhaps as much as £50 or £75, have tumbled to a more usual £20 once and for all returnable fee, the production of a credit card, the holding of a television rental agreement or, in some cases, no money at all and simply proof of residence.

Few clubs can operate on a membership of less than say 2,000 and reckon to be really successful unless members are particularly intensive viewers. The biggest club of all, Thorn-EMI's Video At Home, has 250,000 members nationwide and is probably the biggest single outlet for pre-recorded tapes in the country.

If there are two certain things about the video market they are that over the next year or so it will both grow and change. Industry relationships will doubtless continue to adjust to new market demands and the stampede of newcomers into the marketplace will doubtless continue apace for the moment at least. And next December, with the aid of *Star Wars*, will probably prove to be the first festive month when more money was spent in the UK on video tapes and discs than on cinema tickets. Then the small screen really will be a big boy.

Piracy now a major worry for traders

the film either because they made it, or because they have bought the cassette rights. There are probably 250,000 film titles available for rental, but even large wholesalers only stock around 3,000 titles and the average retailer less than 300. The room for newcomers to buy rights is still considerable.

The wholesale industry has grown simply because it is easier for the average retailer to deal with one or two major distributors direct, and with a wholesaler for the bulk of his material.

Several major groups have leasing systems of various sorts—Fox, Disney and RCA are among them—which give the retailer a film, or a collection of films, for a specific period.

So popular is *Star Wars* ex-

Weekend Brief

Latest tennis prodigy

The likeness is uncanny. He looks for all the world like a carbon copy of Bjorn Borg, not physically (though there is the same gaunt Nordic look about the sharp features), but in the way he hits the ball. The forehand hit with semi-Western grip off an open stance flares with the same dipping top spin, the two-handed backhand flicks the ball away with the same cunning disguise to impossible angles.

But suggest to 17-year-old Mats Wilander (pronounced Vee-lan-der), the latest Swedish prodigy, from the small Southern town of Vaxjo that he has copied the maestro and you get a sharp retort. "I was hitting my double-handed backhand before I ever saw Bjorn play," he insists.

His father Einar works in an air-conditioning factory and is a keen local tennis player who introduced Mats to the court when the lad was seven years old and mad about soccer and ice hockey. To this day he follows the fortunes of Arsenal via the English League matches which are televised weekly to Sweden. Vaxjo's soccer team, the Oster Club, have been Swedish champions in 1978, 1980 and in 1981.

Neither Karin was more concerned that her two elder boys were not lacking for attention when her youngest began, to



17-year-old Wilander of Sweden defeating Lendl in Paris this week

show exceptional promise with a racquet.

Victory in Sweden's under 14 Donald Duck tournament parallels the progress of Bjorn but the record collection of 11 European junior titles (under 14, 16 and 18) surpasses the champion's tally.

"Although I did not copy Borg's style, I was influenced by his success," admits Mats. "He was my hero when I was a junior."

A revealing remark, because Mats is still a junior. He will not be 18 until August 22. But mentally he is even more mature than the boy Borg. His remarkable victories over Ivan Lendl and Vitas Gerulaitis and Jose Luis Clerc to reach the final in Paris this week reveal a composure and competitiveness that are extraordinary. In Rome two weeks ago he squan-

dered a winning lead in the semi-final against the eventual winner, Andres Gomez of Ecuador. Inexperience and fatigue were responsible. But he had come a long way from last year's Wimbledon when he reached the third round of the Open singles with victories over John Austin and Henri Leconte before the bright young Australian John Fitzgerald, beat him.

The astonishing climb up the ATP computer ranking from 263 at the end of 1980 to 69 last December, and 19 now, has been aided by the establishment last autumn of a four-man Swedish squad sponsored by the SIAB building company with £200,000 over the next two years. Under the shrewd management of the 1979-81 Davis Cup captain John Anders Sjogren the young Swedes, Andres Jarryd (aged 20 and

ranked No. 2 nationally), Joacim Nyström (19) the 1980 Orange Bowl champion, and Hans Simonsson (20) the doubles expert, have been setting new standards of achievement on the pro circuit. These four will represent Sweden in the Davis Cup match against Russia this year. They won 4-1 in Stockholm.

Mats is refreshingly amazed by his recent successes. But beneath the friendly exterior is the same burning will to succeed that all embryo champions possess. Girlfriend Annette Olsen was in Paris with him last week but returned to Sweden when the serious business began. Doubtless he has learned from Borg that single-mindedness is everything. The next few months will prove fascinating in assessing his likely final place in the tennis firmament.

Taken for a ride

Jeepney riding is one of the cheaper, and more daring, pleasures of life in the Philippines capital of Manila. But life among the world of the Jeepneys has suddenly taken on a sour note. As the storm clouds of the local typhoon season sweep the region (one of my own flights was struck by lightning) so the swirling winds of an industrial dispute run through Manila.

Jeepneys are the colourful Filipino version of that ubiquitous equatorial mode of transport, the jitney, or what are

boringly called Public Light Transport Buses in Hong Kong. The Philippines version is based on a Jeep and has an extended body. The driver has a licence for a route and picks up and puts down wherever he feels like for a basic low fare—around 5p for 5 km in Manila. He may or may not own the Jeepney but whatever the deal its maintenance and its income derive entirely from his ability to collect passengers.

In their bid for custom Jeepney drivers attempt to make their vehicles more attractive and also tend to regard traffic laws with a degree of disdain. They are garish vehicles, jolting at times like feignground rides, bristling with chrome fittings and flashing lights. Jeepneys pick up points with their buzzing band of eager drivers

seem constantly on the brink of being respooned with two quick punches. Hungry Jeepney drivers from elsewhere were given the offending routes and drivers who did not show up for normal service were threatened with prison. For the moment the Jeepney services have returned to a disgruntled normal—and I have the grey hairs to show for it.

Perhaps the police are not being too tough on the drivers after all for they are occupied elsewhere. In the latest campaign the authorities have been told to impound vehicles which do not have a current road tax licence plate. Joint Army and police patrols are being used for this one. Unfortunately most of the vehicles picked up so far seem to be Government-owned, and some of them (red faces all round) are police cars.

The drivers are furious, complaining that a 60 Piso fine (about £4) is more than many of them earn for a day's work. In the Marcos-run Philippines, however, strikes are not regarded with any great enthusiasm and the Manila authorities

which triggers heaters and fans using the pig's own body heat to provide air-conditioning for the sty.

Negligible running costs, increased comfort for the pigs result from "this ingenious Automatic Natural Ventilation Controller," say the designers. They do not say whether it will improve the flavour of the pork but I'm just waiting for my wife to say: "We have roast ventilated leg of pork for Sunday lunch."

Contributors:

John Barrett
Arthur Sandles
Max Commander

The tell-tale heart?

Amid the daily welter of high technology announcements—"this little bit of silicon can carry more information than anything yet devised; our personal computer is better and cheaper than yours"—it's refreshing to discover that the good, old fashioned inventor still exists.

New York has just seen the International Inventors' Expo described as "a gathering of tinkers who hope their dreams

will make them rich." Harold L. Kleiman, the organiser, said any inventor able to fork up \$650 could be allocated space for his exhibit "as long as it isn't dirty or too outlandish."

He turned down designs for a flying submarine. "Would-be inventors should not waste money on such fantasies," he said—but he accepted a "coffin monitor".

Shades of Edgar Allan Poe? The monitor is designed for those of us who fear an immediate cataleptic attack.

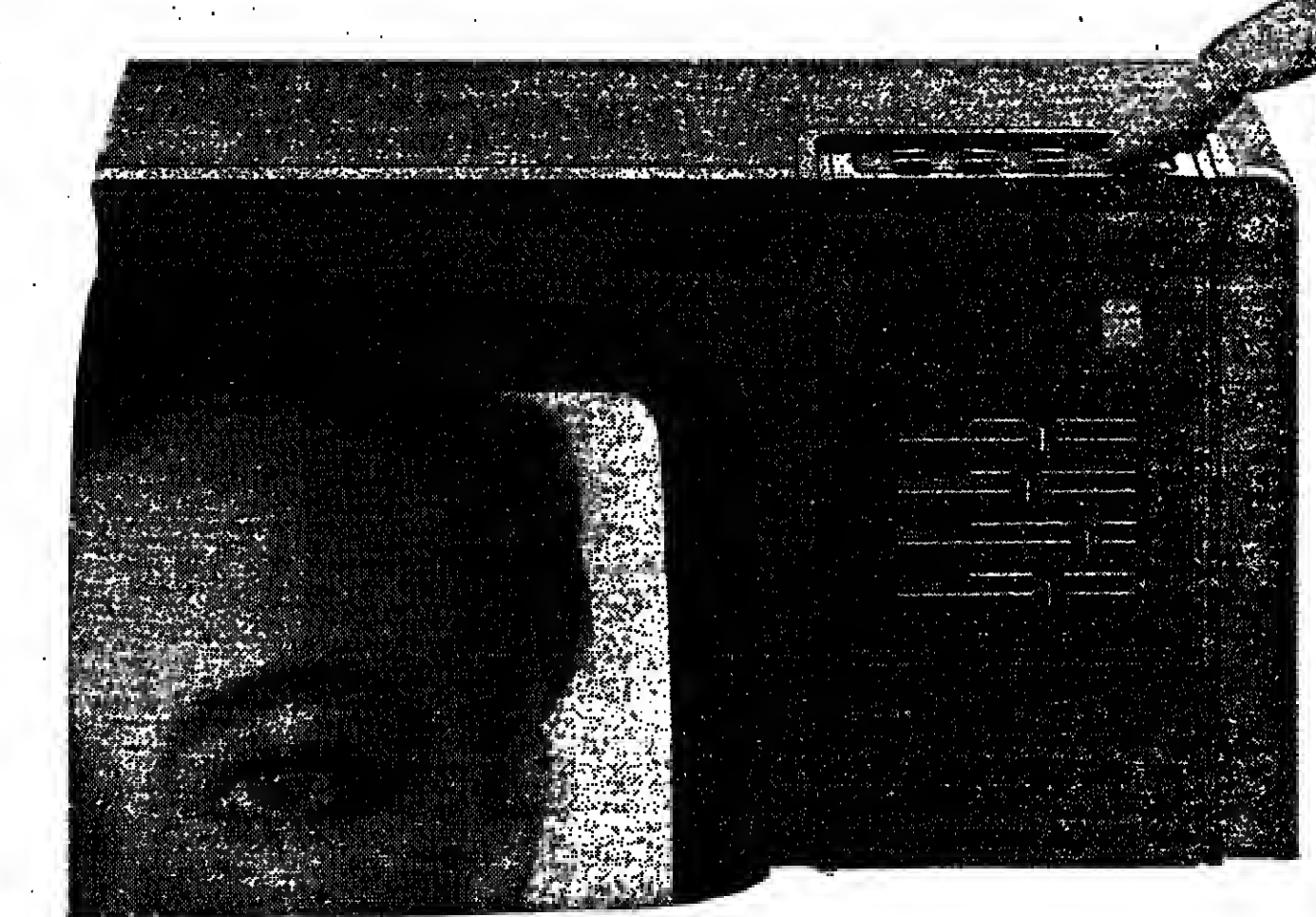
Roberto describes the monitor as a sleeper which can be attached to the body of the deceased. If you should come round in your coffin the bleep is activated and a built-in oxygen system should keep you going until the gravediggers manage to reach you.

The Expo brochure describes it as "the only way in the world to avoid being embalmed or buried alive."

Disposable binoculars, golf clubs with huge grips, cooking pots that will not boil over and a bike that is easier to pedal uphill were all on display.

But I prefer the down-to-earth approach of the British (not on show in NY, I must add). It's called Ventapig—the complete servo-type system

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Mercantile House, a leading UK moneybroker, agreed to acquire **Oppenheimer Holdings**, a Wall Street stockbroker and one of the top 10 U.S. fund managers in a deal worth \$91m. This is believed to be the largest purchase of a U.S. stockbroker by foreign interests. Because of the size of the deal, the directors of Mercantile asked the Stock Exchange to suspend dealings in the company's shares until relisting in August, the shares were suspended at 420p.

Control of Harrison's Malaysian Estates is to be transferred from its holding company in Britain, **Harrison's and Crossfield**, to the Malaysian state investment agency in a deal which values HME at £294. Harrison's and Crossfield negotiated the transfer with investment agency **Fernandol National Berhad** in compliance with Malaysia's new economic policy since the London-based group acquired a 74 per cent holding in HME four years ago.

Tring Hall Securities believes it has put together a rescue package for the much-troubled wood store supplier **Eurofame**. The deal, if successful, would lead to a reverse takeover of the company by **Heatstream**, a private manufacturer of logfires formed in 1980.

Electronic Rentals, the television and video recorder hirer, is planning to raise about £35m for continued development of the video market by the proposed acquisition of **London and Montrose Investment Trust**, part of the Robert Fleming stable of investment trusts. For each London and Montrose share, Electronic Rentals is offering its own ordinary shares to the value of 111.765 per cent of the net asset value of the trust subject to a maximum asset value of 154p. Taking the estimated asset value of the trust shares at May 26 of 144p per share, the offer values the trust at £38.7m based on Electronic's share-price of 76p, ex the proposed final dividend, on June 2.

Company	Value of bid per share**	Market price**	Price before bid	Value of bid	Bidder
Assoc Cms "A" 11	110	108	52 1/2	59.70	TYW
AAA Inds	56	55 1/2	35 1/2	1.65	Glossop
Bentley Corp	120	122	78	13.49	Bund
Braid Group	50	51	42	2.37	Lookers
Ductile Steels	156 1/2	149	114	20.31	Glyward
Federated Land	175	174	142	18.03	BSC Pann Funds

Company	Value of bid per share**	Market price**	Price before bid	Value of bid	Bidder
Finance & Ind Tr	30	28	25 1/2	2.78	Harmer Secs
General & Comm	238 1/2	235	235	15.32	Britannia Arrow
Grant Bros	180	186	179	2.28	Jadepoint
Lon & Montrose	161 1/2	146	125	38.70	Elect. Rentals
Lonsdale Univrl	68 1/2	66	66	5.31	British Printing
Lonsdale Univrl	67	66	42	6.01	Menzies (J.)
Unis Gordon	22 1/2	20	20 1/2	0.57	Pedro Domecq
NCC Energy	25	35 1/2	35 1/2	4.88	Cook Int
Speedwell Gear	20	28	14	0.19	Lathkill
Gase	54 1/2	50	43	2.93	Causton (Sir J.)
Wilkins & Mchll	1	6	18	0.06	Centraway
Wormdale	19	17	9 1/2	0.57	Hainsworth

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on June 4 1982. †† At suspension. ††† Estimated. §§ Shares and cash. †††† Unconditional. * Loan stock.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Assoc Sprayers	Feb	117L (28)	0.5 (0.5)
Caravans Int'l	Feb	1,790L (2,280)L	— (—)
Clyde Blowers	Feb	245 (174)	0.83 (0.83)
Greenfields Leds	Apr	50 (882)L	0.25 (—)
Ranson Trust	Mar	22,100 (18,200)	2.5 (2.13)
Hickson & Welch	Mar	3,830 (2,210)	2.5 (2.5)
Kaystone Inv.	Apr	503 (482)	4.0† (3.64)
Lake & Elton	Mar	445L (308)L	1.0 (1.0)
William Leech	Feb	874L (156)L	— (3.3)
Marley	Apr	1,160 (3,280)	1.0 (1.0)
Martin Newsagent	Mar	2,620 (2,410)	4.36 (3.96)
McCorquodale	Mar	3,020 (2,340)	3.25 (2.75)
NEPC	Mar	14,800 (1,680)	2.0 (2.0)
Spring Grove	Apr	1,200 (1,500)	1.5 (1.5)

(Figures in parentheses are for the corresponding period.)
† Dividends are shown net except where otherwise stated.
‡ Adjusted for scrip issue. † Since February 11 1981. † For the four months to September 1981. †† For the six months to January 31 1981. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Airflow Strimms	Feb	89 (282)L	1.2 (—)	0.25 (0.1)
Allied Lyons	Mar	141,200 (112,400)	12.9 (9.2)	5.5 (5.0)
Beecham Group	Mar	201,900 (150,600)	18.2 (13.6)	8.0 (6.7)
Bilham (J.)	Dec	471 (621)	15.7 (24.0)	5.7 (6.7)
Bruntjorn Group	Mar	203 (244)L	4.4 (6.7)	4.38 (4.03)
Century Oils	Mar	4,100 (3,040)	10.5 (10.3)	3.4 (2.5)
Coalite Group	Mar	23,860 (21,860)	18.2 (24.0)	4.33 (4.16)
De La Rue	Mar	21,940 (33,000)	35.3 (77.4)	22.08 (21.0)
Donhill Holdings	Mar	5,220 (2,840)	32.4 (42.0)	11.0 (10.0)
Edinburgh Gen	Dec	141 (214)L	0.3 (—)	0.3 (—)
Energy Services	Dec	1,510 (1,510)	2.3 (3.4)	0.88 (0.76)
Erskine House	Mar	179 (442)L	5.6 (—)	— (—)
Ex-Lands	Dec	81 (55)	1.5 (1.0)	0.6 (0.56)
Garford-Lilly	Mar	573 (805)	4.9 (4.78)	1.5 (1.36)
Glossop	Jan	529 (376)	8.3 (5.6)	5.08 (4.62)
Harrisons & Cros	Dec	47,240 (51,020)	37.1 (46.6)	28.0 (28.0)
Hawley Group	Dec	2,770 (985)	9.7 (7.1)	2.66 (2.67)
Hazlewood Foods	Mar	1,420 (1,000)	19.8 (15.7)	8.0 (6.36)†
Jantar	Dec	488 (281)	7.5 (13.4)	1.5 (2.01)
Macdonald Martin	Dec	1,260 (1,160)	41.2 (38.0)	12.5 (11.5)
Mountview Esst.	Mar	2,790 (2,290)	26.7 (22.0)	3.2 (3.9)
Murray Tech Inv	Mar	191† (168)†	1.1 (—)	0.75 (—)
Portsmouth Sundid	Mar	3,170 (3,130)	15.4 (17.6)	3.5 (3.25)
Readit Int	Apr	230 (1,960)L	0.5 (—)	0.1 (0.1)
Transparent Ppr	Mar	2,180L (146)	— (—)	— (0.1)
Triest	Dec	127 (912)	— (11.1)	0.63 (2.88)
UBM Group	Feb	2,030L (2,670)	— (3.3)	2.0 (3.0)
Uniflex Holdings	Dec	658L (441)L	— (—)	— (—)

Offers for sale, placings and introductions
Eglington Oil and Gas—Placing of 500,000 shares at 151.20 each.

FORFAITING

GERMAN AND SWISS BANKERS HAVE TRADITIONALLY BEEN IN THE FOREFRONT OF THIS IMPORTANT FINANCING TECHNIQUE.

THE BANKER IN ITS MAY ISSUE WILL BE DISCUSSING THE GROWING ATTRACTIVE OF FORFAITING FOR INVESTORS AND INTERNATIONAL BANKERS INVOLVED IN EXPORT CREDIT.

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THE BANKER

Timber importing merger heralds long-awaited rationalisation

Ray Maughan reports on the marriage between Meyer and International that got its impetus from over-capacity

MERGERS IN the timber importing business have been mooted for so long that the City had almost given up considering takeover rumours seriously. True, there have been some big deals—Southern-Edwards merged with Magnet, Joinery, and Melrose-Dewey found a suitor in the unlikely shape of a tea and meat group, Brooke Bond Liebig.

But the marriage announced yesterday between **Montague L Meyer** and **International Timber** can be expected to put the final seal on all major merger activity in the UK timber importing trade for the foreseeable future.

The extensive rationalisation

which many observers inside and outside the sector have been expected over many years, may be about to come to pass.

The impetus for this merger is, quite simply, one of over-capacity. Put crudely, the quoted UK softwood importers have been undercut and finally upstaged by their Scandinavian and North American suppliers which have elbowed their way down the distribution system into the factories and shops of the end-users.

The decision by the grower countries to ensure that their products were distributed by state-owned or government-influenced timber exporting companies was, both logical and,

adds, they had kept the most attractive slice of the business.

The impact on companies like International and Meyer has been alarming. To their credit, they have also expanded their own distribution operations where, in an attempt to add value to their sales, they have brought imports into the timber product manufacturing business and expanded in the builders' merchandising trade.

Mr Ron Groves, the chairman of International Timber who will head the merged group,

on almost £190m of sales. The effect of high operational gearing is all too plain. For every £1 of sales the importers lost, the effect on trading revenue was proportionately increased. High interest rates have been a severe handicap to a sector which is in effect stock-piling for the construction, house building and DIY industries and each group has been devoting substantial effort to inventory cutting.

The stock market, as Mr Meyer wryly observed, has had a "very jaundiced view of the industry as a whole" and of its vulnerability to the peaks and troughs of the trade cycle.

The City's judgment is all too clear. Based on the share prices at the beginning of this month, the two companies had an aggregate market value of £86.4m. Their combined net worth was some £160m at the last count.

Mr Meyer hoped that "the merger will improve our image and insulate us against the swings of the business cycle seen in recent years."

This is, in essence, the case Mr Groves and Mr Meyer will be taking to the Director General of Fair Trading in the hope that the merger will escape a reference to the Monopolies Commission.

Aluminium: makers seek import ban

BY IAN RODGER

EUROPE'S increasingly desperate aluminium-producers want the European Commission to stop the flow of low-price imports which they say is disrupting the market.

Aluminium prices per tonne have plunged from £736.50 two years ago to £507 yesterday on the London Metal Exchange.

Mr Dick Charles, chairman of British Aluminium, and president of the European Aluminium Association, said at a press conference: "I don't know a smelter in the world that can produce metal at this price and make a profit."

British Aluminium lost £22.3m last year and Alcoa Aluminium (UK) lost £48m. Pechiney Ugine Kuhlmann, the French producer, announced early this

week that its aluminium operations lost FF213m (£19.2m) in the first four months of this year.

Aluminium companies are secretive about production costs but they indicate current LME prices are about 25 per cent below the level at which the average smelter in Europe can break even. Producer prices are normally somewhat higher than LME prices but still well below the breakeven point.

In addition to the import problem, European companies have had to contend with a sharp decline in demand. Pechiney said this week its monthly orders were running 20 per cent below the early-1980 level.

The producers says the cheap

imports are entering Western Europe from several countries, including the Soviet Union, Bahrain, Argentina and Venezuela.

The quantities are not large, probably less than 5 per cent of the 3.5m tonnes consumed in the 14 countries represented by the EEA.

However, Mr Charles said that even small quantities in a commodity market could ruin the price structure.

The aluminium producers approached the European Commission in January and received a sympathetic response. It is proving difficult, however, to find a way of attacking the problem.

The producers have no doubt that dumping is taking place.

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How High for Plessey, Racal & ICL and Which Groups will Begin Next to Stage Big Gains?

The Jeffery organization began taking exception to conventional security market attitudes when there was widespread conviction during the late 1970s and early 1980s that shareholdings in general should be replaced by fixed yield media. Specific Jeffery, latter recommendations of that interval have moved into the case of ICL with Plessey now having validated repeated advice of winter sharepurchases and the initial Plessey sharepurchases to the effect that both it and Racal would stage early FT advances. New with traditionalists still disparaging our view that the FT Index has been preparing for an initial medium-term breakout to 750, we are ready to start ploughing high technology profits back into advanced-appliances and heavy industrial sectors where productivity and profitability factors will be enhanced by the application of breakthroughs at the components and electronic-systems levels. Current Jeffery reports move into areas of application involving issues ranging from Acrow "A" and Chubb to Rent and Wicks — reviewing also reacting high technology buys in New York which helped drive the Jeffery-managed Growth Strategies Fund through its initial early-82 equity-value advances of more than 35%. Contributing factors such as Advanced Micro Devices and Comshare International are called for movements to your could contribute significantly to your own portfolio performance in the next few months and sectors. For complementary transatlantic growth studies and Fund details, simply telephone or return the coupon.

Lucas Industries opens London service centre

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LUCAS INDUSTRIES is strengthening its presence in the vehicle servicing business with a direct involvement in workshop repairs, trade sales and retail sales. Mr Godfrey Messervy, chairman, said yesterday.

The Lucas Service organisation has spent £5m in the five years since it was established relocating service operations in modern, cost-cutting premises. Mr Messervy was speaking at the formal opening of a new centre in West London.

He said Lucas recognised the service business as "immensely important both for the opportunities it presents and as an aid to our wider understanding of the total marketplace."

Mr Messervy revealed that, as part of the group's determination to retain a significant slice of the worldwide service business, it was to extend its

Advertisers call for early expansion of cable TV

BY JASON CRISP

THE GROWING flood of evidence to the Hunt inquiry into the expansion of cable television and its effect on broadcasting continues to support its rapid introduction. But there are considerable differences on the degree of regulation needed for the new services.

The Institute of Practitioners in Advertising (IPA) yesterday supported the expansion of broad-band cable television which it declared was a totally new medium. The IPA said the expansion of cable would be determined by the range and variety of programmes and services. Advertising on cable TV would help to lower the cost and improve the range and quality of programming. It estimated that cable TV could attract £120m (1980 prices) advertising revenue by 1985.

It argued that cable television posed no threat to either the revenue base or programme standards of public broadcast.

CBI team to meet Community officials

BY JAMES McDONALD

THE Confederation of British Industry is sending a team of six to Brussels next week for talks with members of the European Commission.

The talks are aimed at reaffirming British industry's support for the UK's membership of the EEC and examining how the Community might help business and create jobs, says the CBI.

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LOCAL AUTHORITY BOND TABLE

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% £ Year

Knowsley (051-548 6555) 13 1-year 1,000 4-8

Nationwide Building Society

Placing of £7,500,000 13 1/8 per cent Bonds due 13th June 1983

Listing for the bonds has been granted by the Council of The Stock Exchange. Particulars in relation to The Nationwide Building Society are available in the Extel Statistical Services. Copies of the placing Memorandum may be obtained from:-

Fulston Packshaw Ltd., 34-40 Ludgate Hill, London EC4M 7JT

Laurie, Milbank & Co., Portland House, 72/73 Basinghall Street, London EC2V 5DP

Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA

1930-32	E534	(176)	
Edwin Water	3.5pc	(fmly Spc)	E3
228/3.	3.5pc	(fmly Spc)PI	E354, (28
4.2pc	(fmly 8pc)PI	1984-85	E741, (1
7pcDb	1997-99	E84	(161, 7)

LONDON STOCK EXCHANGE

Base rate hopes stimulate Gilts and rise continues late despite new tap stock—Equities overshadowed

Account Dealing Dates

*First Declared Last Account
Dealings (ons Dealings Day
May 17 June 3 June 4 June 14
June 7 June 17 June 18 June 28
June 21 July 1 July 2 July 12
* New time dealing may take
place from 9 am two business days
earlier.

Government securities again
dominated as the last day of the
three-week trading Account on
London stock markets came to a
close yesterday. The equity
sectors remained extremely quiet
with interest concentrated largely
on companies reporting interim
statements, potential bid candi-
dates and situation issues.

Hopes of a reduction in UK
bank base rates in the near
future gave British Funds fresh
impetus. The pace of the advance
slackened from noon onwards,
but revived later despite the
3.30 pm announcement of fresh
Government funding at the short-
end of the market. £750m of
Treasury 12 per cent Con-
vertible stock 1986 is to be
issued at a minimum tender
price of 97.75, payable 230 on
application. The shorts finished
around 1 better and maintained
the firmness in late dealings on
the view that the new tap could
appeal to investors hungry for
stock, evident in this week's good
demand for the recently-created
tap, now believed to be exhausted.

Long-dated Gilts improved
further, extending 3.30 pm rises
ranging to 1/2 after hours. The
Government Securities Index
rose 0.08 for the month consec-
utive trading session to a new
14-month high of 70.16.

Leading shares moved very
narrowly again and closed with
small irregular movements on
balance. Gains were often in the
majority at the close and the
FT 30-share index closed a point
higher at 587.8. Away from the
index constituents, Reckitt and
Colman turned distinctly dull on
selling prompted by the
announcement of sharply lower
interim profits from its
Australasian subsidiary.

Minet active

Insurance brokers Minet were
again surrounded by bid
speculation and touched 200p be-
fore setting a net 6 up at 196p.
Eagle Star, after the previous
day's reaction of 16 in the
absence of an offer from Allianz
Versicherung, slipped to 350p
before rallying late to close 2
dearer on balance at 352p. Du-
lister in the week on disap-
pointing annual profits and the
final dividend omission. Edin-
burgh General Insurance
Services rallied 2 to 10p.

Interest in the Banking sector
was at a low ebb, but selected
Discount Houses made progress.
Union Bank rose 8 to 450p, as did
Gerrard, to 275p, while
Alexanders improved 3 to 225p.

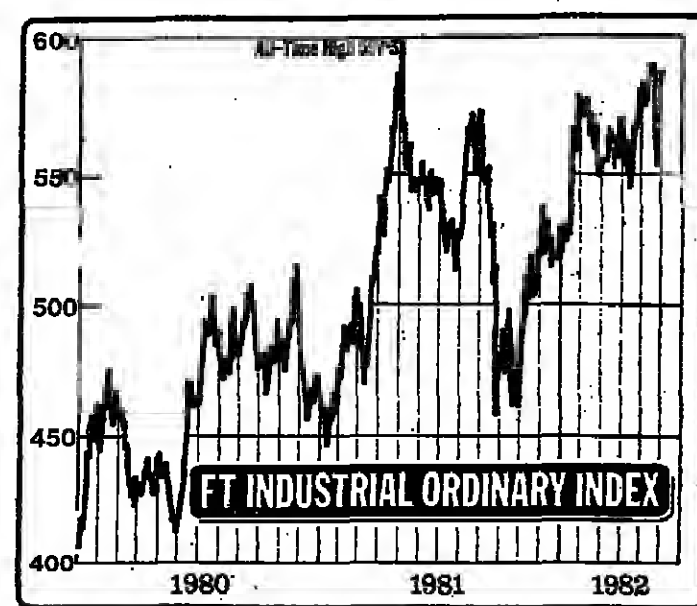
Elsewhere, revived demand in a
thin market lifted Dunbar 25 to
640p, but Hambros dipped to
120p before closing a net 4 down
at 123p following the departure
of five directors to a rival
Swedish concern.

Radio City (Sonnet of Mersey-
side), which staged an impres-
sive debut on the Unlisted
Securities Market on Thursday,
encountered fresh support and
touched 95p before settling a
penny firmer on balance at 93p
which compares with the offer
for sale price of 77p. Orkney
International SA, offered at 600p,
slipped to 635p before reverting
to the overnight level of 640p.
Among other recently-issued
equities, Stewart & Nisra, the
former textile concern revamped
as a property company, shed 2
to 12p; the interim results are
due on June 14.

Breweries, a resilient sector
of late following a number of
encouraging trading statements,
attracted revived investment
support and finished the Account
on a firm note. Arthur Guinness
attempted to establish a trading
level of 87p; the interim results are
expected in the next Account.
Allied-Lyons, which announced
preliminary results on
Wednesday, firmed a penny more
to record a gain on the week of
4 to 100p. Whitbread rose a
couple of pence to 124p, while
Bass, interim figures due next
Tuesday, held the overnight level
of 247p. Regionals again made
a firm showing as a whole, a
few pence to 100p in the week.

The agreed merger between
Montague L. Meyer and Inter-
national Timber claimed the
attention in the Building sector;
Meyer reacted 6 to 64p, while
International closed 2 cheaper
on balance at 88p, after 94p. The
merger move was interpreted as
a bearish sign for the Timber
industry, Phoenix shedding 3 to
70p, May and Kassel 2 to 73p
and John Carr (Doncaster) a
penny to 91p. Travis and Arnold
softened a couple of pence to
174p, while Magpie and Southern
held at 174p. Elsewhere, Tilbury
Group met with renewed specu-
lative support and put on 15 to
500p. Once again, the undertone
in the leaders was firm, but gains
were confined to a few pence.

The Chemical sector ex-
perienced a modest expansion in
trading volume. Fisons, con-
tinuing to reflect the completed
sale of its fertiliser division to
Norsk Hydro, rose 10 for a gain
on the week of 20 to 350p, while
ICI improved a couple of pence
to 230p. Major tonnage
Union firmed 8 to 450p, as did
Gerrard, to 275p, while
Alexanders improved 3 to 225p.



liminary results, added a penny
more at 125p.
Interest in Stores was again
mainly confined to secondary
counters. J. Hephworth provided
an outstanding late feature,
closing 9 higher at 114p amid
strong rumours that British
Land, widely-mooted as a
possible suitor, is set to dispose
of its 8 per cent stake in the
company. Greenfields Leisure
firmed a couple of pence to 36p
on further consideration of the
full-year figures. Sonle Sound, on
the other hand, remained a
highly nervous market in front
of next Thursday's initial state-
ment and eased 6 for a fall on
the week of 15 to 62p. Other
electrical retailers also took on
an easier appearance and Dixons
Photographic shed 2 to 180p,
while Comet Radiovision gave up
1 to 14p. Elsewhere in the sec-
tor, for DIY concern A. G.
Stanley, 4 off at 57p, and for
Bambers, 3 cheaper at 192p low
of 22p.

The Electrical leaders finished
a lacklustre session with small
mixed movements. Plessey eased
1 to 240p, while Racal gave up
2 at 425p; the latter's pre-
liminary results are scheduled
for June 22. AB Electronics
added 5 for a two-day gain of
10 to 183p, while Wholesale
Fittings firmed 3 more to 245p.
Immediate Business Sec-
tor, advanced 9 to 105p, after
106p, following the announce-
ment of a pilot scheme which, if
successful, could result in a
sizeable French contract for
utility building systems and both
good and bad features. Haden fell
late to 193p, down 10, following
the chairman's remarks at yester-
day's annual meeting about the
company's problem areas and
lack of scope for any real resov-
on until next year at the earliest.
On the other hand, Pegler
Mattersley met with fresh support

ahead of Wednesday's prelimi-
nary results and rose 4 to 214p,
while trading news lifted Clyde
Blowers 4 firmer at 142p and
Castings improved the turn to
33p. Renewed investment demand
lifted NEI 3 more to a 1982 peak
of 95p and Laird were similarly
better at 115p. Still reflecting
the referral of the Charter Cons. bid
to the Monopolies Commission,
Andersen Stralbyde slipped to
122p before rallying to close
little changed at 125p.

Soft drink concerns attracted
support on seasonal influences.
J.N. Nicolls (Vintu) rising 20
to 555p and Alpine Soft Drinks
rose 10 to 225p. Elsewhere in the
sector, Bishops A jumped 12 to
108p in response to better-than-
expected preliminary results and
the maintained dividend; the
Ordinary a very thin market,
advanced 5 to 155p. Slagle put
on 2 to 36p on revised specu-
lative interest, but British Sugar
shed 10 to 455p despite a broker's
bullish circular.

Renewed support was forth-
coming for Grand Metropolitan
ex rights, which firmed 4 to 225p
with the new all paid shares 3
dearer at 50p premium. Among
other Hotels and Caterers, Ken-
nedy Brookes improved 5 to 170p,
but Brent Walker shed 4 to 77p
on lack of support.

Reckitt & Colman weak

Leading miscellaneous indus-
trial usually finished the day
on a slightly firmer bias, but
Reckitt and Colman encountered
selling after the announcement
of the poor interim figures from
its Australian subsidiary to close
18 down at the day's lowest of
300p. Glaxo, in contrast, met with
fresh investment demand and put
on 11 to 170p. Elsewhere, Wil-
kins and Mitchell closed 12 down
on a lack of support for any real resov-
on until next year at the earliest.
On the other hand, Pegler
Mattersley met with fresh support

Georges Group 8 to 125p, while
buying ahead of the interim
figures, due shortly, left Sidlaw
14 higher at 171p. Other bright
spots included Diploma, 7 up at
266p, and Chas. Hill, 5 dearer
at 90p. Eastern Produce hard-
ened a penny to 76p on the
preliminary results, but Spring
Grove, still reflecting lower
interim figures, gave up 4 more
at 83p. AGE Research, a good
market of late, eased 4 to 193p,
while suggestions of a rights
issue prompted a reaction of 2
to 123p in Chubb.

Pleasurama reacted to 245p
before closing a net 15 down at
250p following police raids on
two of the company's casinos.

Oils quiet

Enthusiasm for Oils was
lacking during the "House" ses-
sion, but quotations took a
modest turn for the better in the
after-hours trade. British
Petroleum and Shell both closed
2 dearer, at 318p and 423p
respectively. Barmak also firmed
2, to 144p, following the chair-
man's cautiously optimistic
statement at the annual meeting.
By contrast, offshore explorers
were inclined easier. Candecia
eased 4 to 225p and Carless
Capel 3 to 176p. Elsewhere,
Credo Petroleum lost 4 to 11p
on U.S. influences.

London and Montrose Invest-
ment Trust added 4 for a two-day
jump of 21 to 165p in response to
the agreed offer from Electronic
Rentals, a penny harder at 77p.
Shippings plotted an irregular
course in quiet trading. P & O
Deferred were wanted at 150p,
up 3, but Ocean Transport
encountered profit-taking and
shed 4 to 114p.

Mines subdued

Mining markets closed the week
on a subdued note, with interest
again diminished by renewed
losses in precious and base-metal
prices.
Little actual selling of Golds
took place with prices being
marked down initially prior to
rallying to close a fraction easier
on balance. The rally was
encouraged by a firm perfor-
mance by the Financial Rand and
momentum on 5,000 advance
Ore. The Gold Mines Index eased
2 to 222.0, a decline of 12.7
over the shortened week, while
the bullion price closed \$175

easier at \$318.825 an ounce—
\$5.375 down on the four-day
period.
In the heavyweights Buffel-
fontein were 1 firmer at \$15,
sustained by the satisfactory
dividend announced on Wednes-
day while in the medium and
lower priced issues Libanon
moved up 13 to 723p.

Financials were quietly mixed.
Anglo American Corporation
gave up 5 to 455p but remained
5 up on the week following the
full year results and the same-
again final dividend, announced
on Tuesday.

London Financials showed
little change either way despite
a further setback in base-metal
prices, notably copper which
yesterday fell to its lowest levels
since late 1978.
Financials were quietly mixed.
Anglo American Corporation
gave up 5 to 455p but remained
5 up on the week following the
full year results and the same-
again final dividend, announced
on Tuesday.

The latter rose 4 to 47p in
response to the 1,430 barrels a
day oil flow from the Jackson
South 2 appraisal well in the
Cooper Basin. Oil Company of
Australia, which has a 2.5 per
cent interest in the Jackson oil-
field, added 3 to 35p but owed
most of the rise to news that
Hartogen Energy is bidding the
equivalent of around 44p a share
to acquire a further 14m Oil
Company Australia shares; on
Tuesday Hartogen disclosed the
acquisition of a 19.9 per cent
interest in Oil Company
Australia.

Elsewhere, Murchison dipped
10 more to 190p—30 lower on
the week—still reflecting the
interim dividend omission.

The sporadic effects of current
equity trading and consequent
lack of interest for underlying
securities resulted in an
extremely disappointing week in
the Traded Options market
where the week's daily average
amounted to only 1,165. Business
yesterday saw 1,206 deals taken
out—742 calls and 464 puts. Oil
issues were relatively active and
British Petroleum attracted 86
calls and 73 puts, while Shell
Transport recorded 110 calls and
97 puts. Grand Metropolitan, a
rising market since the rights
issue, was announced, also
attracted a useful two-way
business with 102 calls and 80
puts transacted.

Adverse weather claims cost EIO almost £3m

LAST WINTER'S severe
weather in the UK cost the
Eclectic Insurance Office
dropped from £2.1m. A major
weather claims. As a result EIO
the largest insurer of 'euro
property to the UK, incurred an
underwriting loss of £216,000 in
the year to February 28, 1982,
compared with an underwriting
profit in the previous year.

Insurance business rose by 30
per cent to £27.7m while net
premiums, after reinsurance, were
40 per cent higher at £18.1m.

The company allowed signifi-
cant amounts of business to
pass from it rather than under-
write at uneconomic rates. Good
progress was made in Ireland but
the company's general insurance
business in Canada showed a
small underwriting loss.

Life and pensions business
showed considerable growth and
there was a substantial increase
in annuity business written by
the life subsidiary Pendle
Insurance. Investment income
rose nearly 20 per cent to £25m
and total life funds by 15 per
cent to £27m.
EIO has substantially improved
its rates of terminal bonus on
death or maturity claims.

RECENT ISSUES

EQUITIES		1988		1989		1990		1991		1992	
Issue	Price	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS		1988		1989		1990		1991		1992	
Issue	Price	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1

"RIGHTS" OFFERS

"RIGHTS" OFFERS		1988		1989		1990		1991		1992	
Issue	Price	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1
100 F.P. 25/8	101	25	10.1	25	10.1	25	10.1	25	10.1	25	10.1

Reconstruction data usually last day for dealing free of stamp duty. Figures
based on prospectus estimates. * Dividend rate paid or payable on part of
capital cover based on dividend on full capital. * Assumed dividend and yield.
* Indicated dividend cover, relates to previous dividend, P/E ratio based on latest
annual earnings. * Forecast dividend cover based on previous year's earnings.
* Dividend and yield based on prospectus or other official estimates for 1982.
* Q. Gross. * Figures assumed. * Figures or report awaited. * Cover allows for
conversion of shares not now seeking for dividend or ranking only for restricted
dividend. * Placing price. * Fractional or partly-paid allotment. * Issued by way
of tender. * Offered to holders of ordinary shares as a "rights". * Issued by way of
capitalisation. * Retained. * Issued in connection with reorganisation,
major or take-over. * Introduced. * Issued to former preference holders.
* Allotted. * Issued. * Issued. * Issued. * Issued. * Issued. * Issued. * Issued.
* With warrants. * Issued under special Rule. * Issued under special Rule.
* Issued under Rule 103(2)(a). * Issued free as an anti-dilution to ordinary
holders.

FINANCIAL TIMES STOCK INDICES

	June 4	June 5	June 6	June 7	June 8	June 9	June 10	June 11	June 12	June 13	June 14	June 15	June 16	June 17	June 18	June 19	June 20	June 21	June 22	June 23	June 24	June 25	June 26	June 27	June 28	June 29	June 30	June 31	June 32	June 33	June 34	June 35	June 36	June 37	June 38	June 39	June 40	June 41	June 42	June 43	June 44	June 45	June 46	June 47	June 48	June 49	June 50	June 51	June 52	June 53	June 54	June 55	June 56	June 57	June 58	June 59	June 60	June 61	June 62	June 63	June 64	June 65	June 66	June 67	June 68	June 69	June 70	June 71	June 72	June 73	June 74	June 75	June 76	June 77	June 78	June 79	June 80	June 81	June 82	June 83	June 84	June 85	June 86	June 87	June 88	June 89	June 90	June 91	June 92	June 93	June 94	June 95	June 96	June 97	June 98	June 99	June 100	June 101	June 102	June 103	June 104	June 105	June 106	June 107	June 108	June 109	June 110	June 111	June 112	June 113	June 114	June 115	June 116	June 117	June 118	June 119	June 120	June 121	June 122	June 123	June 124	June 125	June 126	June 127	June 128	June 129	June 130	June 131	June 132	June 133	June 134	June 135	June 136	June 137	June 138	June 139	June 140	June 141	June 142	June 143	June 144	June 145	June 146	June 147	June 148	June 149	June 150	June 151	June 152	June 153	June 154	June 155	June 156	June 157	June 158	June 159	June 160	June 161	June 162	June 163	June 164	June 165	June 166	June 167	June 168	June 169	June 170	June 171	June 172	June 173	June 174	June 175	June 176	June 177	June 178	June 179	June 180
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Granville Management Limited		Quest Bond Fund (Jersey) Ltd.	
P.O. Box 73, St. Helier, Jersey.	0534 73933	P.O. Box 194, St. Helier, Jersey.	0534 27441
Granville Int. Ltd. 055 59	7.00	Quest Sls. Fnd. Int. 055 59	0.75
Next closing day June 25	1.46	Quest Sls. Fnd. Int. 055 59	1.30
		Quest Int. Bd. 055 59	1.20
		Prices on June 2 next closing day	

[illegible][illegible]

